

Mr. CHAMBERLIN. Lack of efficient operation. I would never say that office was understaffed.

Senator WILLIAMS. They were not?

Mr. CHAMBERLIN. Not in my opinion. We are doing the job with the number of employees that the Commissioner authorized, permanents. * * *

Mr. CHAMBERLIN. Well, it doesn't seem that the employees when we went there—we could not—they were not interested in their job, and were not certainly producing or giving anywhere near a day's work for their pay.

Senator WILLIAMS. How are the conditions in the New York office relative to the uncollected items? Are they filed in Washington automatically or does he hold them and send them in as a group?

Mr. CROSS.¹ I don't think I understand your question. * * *

Senator WILLIAMS. How are the outstanding accounts in the New York district?

Mr. CROSS. I would say now that they compare favorably with the other districts of comparable size. * * *

Senator WILLIAMS. How old are some of these accounts? Are they all recent? Do you have some 2, 3, 4, 5 years old?

Mr. CHAMBERLIN.² Yes, sir.

Senator WILLIAMS. Some 6, 7, and 8?

Mr. CHAMBERLIN. Some are 6 years old.

Mr. JOHNSON.³ Unless we have waivers on them, some are older than 6.

Mr. WILLIAMS. Following this testimony a request was filed for a list of all accounts in excess of \$25,000 reported delinquent as of January 1, 1951.

It developed that there were 630 cases of delinquent taxes in excess of \$25,000 each, totaling over \$130 million.

It was from this list that the 180 cases came which I have just put in the Record. American taxpayers who are called upon to pay their taxes must pick up that uncollected portion of this group. This should serve as a warning to the country that we must not let conditions such as those occur again.

I repeat what I have said many times before: When a man goes wrong, the extent of the loss to the United States cannot be gaged altogether merely by considering the amount of money involved in the embezzlement, or the amount of money involved in the bribe for which that man is indicted.

The greatest loss comes from the breakdown in the morale of those with whom he works.

Inefficiency breeds carelessness and carelessness breeds waste and corruption.

This record is a damaging indictment of the Treasury Department under the previous Secretary.

Unquestionably a much greater percentage of these taxes could have been collected had the accounts been properly handled in the beginning.

JOSEPH R. FARRINGTON, LATE DELEGATE FROM HAWAII

Mr. KNOWLAND. Mr. President, before moving that the Senate take a recess until 12 o'clock noon tomorrow, I

¹ A. H. Cross, Deputy Commissioner, Accounts and Collections Unit, Bureau of Internal Revenue.

² L. Alfred Chamberlin, Supervisor in Charge, Accounts and Collections Unit, Bureau of Internal Revenue.

³ James W. Johnson, collector of internal revenue, third New York district.

should like to say a few words relative to the late Delegate from Hawaii, Joseph R. Farrington.

It was my privilege to know Mr. Farrington during the time that I have had the honor to serve in the Senate of the United States. I knew of his interest in the Territory of Hawaii, and of the splendid public service he had rendered to the people of the Territory. He not only had a distinguished career in Congress as a Delegate representing the Territory of Hawaii, but he was an outstanding newspaper publisher in Honolulu.

Mr. Farrington had many interests in life, but I think that his great ambition and his great hope was that he might live to see Hawaii become the 49th State. I heard him express that sentiment in the islands. I heard him express it on the floor of the House of Representatives. I heard him express it in discussions in small groups and in large groups. To me it seems very sad he was not permitted to live to see the Territory of Hawaii become the 49th State. Personally, I hope a way may be found, and I believe a way will be found, to break the deadlock which now exists in order to permit Hawaii to become the 49th State of the Union. Both of the great political parties have gone on record in favor of that consummation. They not only did so at the last national conventions, but in prior national conventions. Statehood for Hawaii also was a recommendation of the President of the United States.

I have a very deep conviction that Joe Farrington would be a very happy soul if he could look down and realize that the efforts which he had made during his entire public career toward bringing about statehood for Hawaii had finally been achieved. At least insofar as one Member of the Senate may be able to advance what I know was a cause very dear to his heart, I shall do everything possible to do so.

RECESS

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. KNOWLAND. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 6 minutes p. m., the Senate took a recess until tomorrow, Friday, June 25, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 24 (legislative day of June 22), 1954:

DIPLOMATIC AND FOREIGN SERVICE

Sheldon T. Mills, of Oregon, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Ecuador.

ST. LAWRENCE SEAWAY

Lewis G. Castle, of Minnesota, to be Administrator of the St. Lawrence Seaway Development Corporation.

UNITED STATES DISTRICT JUDGE

Hon. James C. Connell, of Ohio, to be United States district judge for the northern district of Ohio, to fill a new position.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 24 (legislative day of June 22), 1954:

POSTMASTER

Elmer S. Minesling, postmaster at Great Neck, N. Y.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 24, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who hast revealed unto us the nobler and better way of life, we rejoice that in many directions we are witnessing signs of spiritual awakening and moral enrichment.

Inspire us with that greater faith which believes that the destiny of man is a destiny of moral and spiritual progress toward that glorious goal when man shall be perfect even as our Father in Heaven is perfect.

Show us how we may mobilize and strengthen all those forces whereby we may achieve a renewal of personal character and a regeneration of human society.

Fill us with a sense of responsibility to bring to fulfillment that majestic promise of a time when the kingdom of righteousness and peace and good will shall be established upon the earth.

May we daily pray and labor earnestly for a wider diffusion of the spirit of our blessed Lord and a wholehearted enthronement of His ideals and principles.

To Thy name we ascribe the glory. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7709. An act to continue until the close of June 30, 1956, the suspension of certain import taxes on copper.

The message also announced that the Senate had passed a bill, joint resolution, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2862. An act to provide relief for the sheep-raising industry by making special nonquota immigrant visas available to certain skilled alien sheepherders;

S. J. Res. 167. Joint resolution to amend the National Housing Act, as amended, and for other purposes; and

S. Con. Res. 80. Concurrent resolution to print additional copies of Senate document 87, Review of the United Nations Charter—A Collection of Documents.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 7434) entitled "An act to establish a National Advisory Committee on Education," disagreed to by

the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 7601) entitled "An act to provide for a White House Conference on Education," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 9040) entitled "An act to authorize cooperative research in education," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. COOPER, Mr. UPTON, Mr. MURRAY, and Mr. HILL to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8367) entitled "An act making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 13 and 14 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8779) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2844) entitled "An act to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes."

COMMITTEE ON PUBLIC WORKS

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that the House Committee on Public Works have until midnight tonight to file a conference report on the so-called lease-purchase bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PUBLIC BUILDINGS PURCHASE CONTRACT ACT OF 1954 AND POST OFFICE DEPARTMENT PROPERTY ACT OF 1954

Mr. DONDERO, from the committee of conference, submitted a conference report and statement on the bill H. R. 6342.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1955

Mr. WIGGLESWORTH. Mr. Speaker, I call up the conference report on the bill (H. R. 8873) making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 1917)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8873) "making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 4, 10, 17, 20, 25, 30, 31, 32, 33, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 7, 11, and 24, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$12,250,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$780,895,500"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$104,294,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$104,570,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$418,070,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amend-

ment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$3,502,792,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$235"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert the following: "Provided, That whenever, in the opinion of the Secretary of the Military Department concerned, the direct substitution of civilian personnel for an equivalent or greater number of military personnel will result in economy without adverse effect upon national defense, such substitution may be accomplished without regard to the foregoing limitation, and such funds as may be required to accomplish the substitution may be transferred from the appropriate military personnel appropriation to, and merged with, the appropriation charged with compensation of such civilian personnel"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows:

In lieu of the matter stricken out and inserted by said amendment, insert the following:

"SEC. 729. Hereafter, no part of the funds appropriated to the Department of Defense shall be available for the payment to any person in the military service who is resident of a United States Territory or possession, of any foreign duty pay as prescribed in section 206 of the Career Compensation Act (Public Law 351, Eighty-first Congress), unless such person is serving in an area outside the Territory or possession of which he is a resident."

And the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"SEC. 731. No part of the funds appropriated herein shall be expended for the support of any formally enrolled student in basic courses of the senior division, Reserve Officers Training Corps, who has not executed a certificate of loyalty or loyalty oath in such form as shall be prescribed by the Secretary of Defense."

And the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"SEC. 734. None of the funds appropriated by this Act may be used in the preparation or prosecution of the pending suit in the United States District Court for the Southern District of California, Southern Division, by the United States of America against Fallbrook Public Utility District, a public service corporation of the State of California, and others: *Provided*, That this section shall have no force or effect after the effective date of H. R. 5731, Eighty-third Congress, as finally enacted into law."

And the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the number proposed by said

amendment, insert the following: "739"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 5, 6, 9, 13, 18, 19, 22, 28, and 35.

R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, JR.,
EDWARD T. MILLER,
HAROLD C. OSTERTAG,
ROMAN L. HRUSKA,
GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES.

Managers on the Part of the House.

HOMER FERGUSON,
STYLES BRIDGES,
LEVERETT SALTONSTALL,
WILLIAM F. KNOWLAND,
RALPH E. FLANDERS,
CARL HAYDEN,
RICHARD B. RUSSELL,
DENNIS CHAVEZ.

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8873) making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

DEPARTMENT OF DEFENSE

Title II

Office of the Secretary of Defense

Amendment No. 1—Salaries and expenses: Appropriates \$12,250,000 instead of \$12,000,000 as proposed by the House and \$12,500,000 as proposed by the Senate.

Title III—Interservice activities

Amendment No. 2—Reserve tools and facilities: Reported in disagreement.

Title IV—Department of the Army

Amendment No. 3—Military personnel: Appropriates \$4,150,479,000 as proposed by the House instead of \$4,157,013,000 as proposed by the Senate.

Amendment No. 4—Maintenance and operations: Appropriates \$2,795,722,986 as proposed by the House instead of \$3,060,189,986 as proposed by the Senate.

Amendment No. 5—Military construction, Army Reserve Forces: Reported in disagreement.

Amendment No. 6—Army National Guard: Reported in disagreement.

Title V—Department of the Navy

Amendment No. 7—Navy personnel, general expenses: Appropriates \$75,030,000 as proposed by the Senate instead of \$74,970,000 as proposed by the House.

Amendment No. 8—Aircraft and facilities: Appropriates \$780,895,500 instead of \$775,895,500 as proposed by the House and \$785,895,500 as proposed by the Senate.

Amendment No. 9—Aircraft and related procurement: Reported in disagreement.

Amendment No. 10—Ships and facilities: Appropriates \$818,681,000 as proposed by the House instead of \$825,181,000 as proposed by the Senate.

Amendment No. 11—Medical care: Strikes out, as proposed by the Senate, certain language of the House bill.

Amendment No. 12—Civil engineering: Appropriates \$104,294,000 instead of \$103,294,000 as proposed by the House and \$105,294,000 as proposed by the Senate.

Amendment No. 13—Research and development: Reported in disagreement.

Amendment No. 14—Service-wide operations: Appropriates \$104,570,000 instead of \$103,625,000 as proposed by the House and \$104,849,000 as proposed by the Senate. The managers are agreed that only two additional audit offices should be established instead of the four additional offices provided in the Senate amendment.

Title VI—Department of the Air Force

Amendment No. 15—Research and development: Appropriates \$418,070,000 instead of \$409,450,000 as proposed by the House and \$431,000,000 as proposed by the Senate.

Amendment No. 16—Maintenance and operations: Appropriates \$3,502,792,000 instead of \$3,402,792,000 as proposed by the House and \$3,622,517,000 as proposed by the Senate.

Amendment No. 17—Military personnel: Appropriates \$3,356,704,000 as proposed by the House instead of \$3,357,000,000 as proposed by the Senate.

Amendment No. 18—Reserve personnel: Reported in disagreement.

Amendment No. 19—Air National Guard: Reported in disagreement.

Amendment No. 20: Reduction in appropriation, Air Force stock fund: Restores language as proposed by the House. Additional capital is not required because provisions of existing law permit incurring obligations in anticipation of reimbursement. In addition, fund requirements should be reduced by the adoption of administrative procedures which would substantially speed up the collection of outstanding stock fund accounts receivable.

Title VII—General provisions

Amendment No. 21: Provides that appropriations of the Department shall be available for the education of dependents of Department personnel overseas in amounts not to exceed an average of \$235 per student instead of \$225 as proposed by the House and \$237.50 as proposed by the Senate.

Amendment No. 22: Reported in disagreement.

Amendment No. 23: This amendment, relating to the transfer of funds necessary to implement the program of substitution of civilian personnel for military personnel, adopts the substance of the Senate version which extends the transfer of funds provision to include ungraded (blue collar) personnel in addition to graded civilian personnel covered by the House bill.

Amendment No. 24: Adopts language clarifying legal training during off-duty hours.

Amendment No. 25: Restores the provision in the House bill which will permit agencies of the Department of Defense, during fiscal year 1955, to accept real property, services, and commodities from foreign countries for the use of the United States in accordance with mutual defense agreements or occupational arrangements and the use thereof for support of United States forces in such areas without specific appropriations therefor. The managers gave this amendment detailed and careful consideration, but concluded that because of the temporary nature of the situation that the proposed amendment was designed to cover and because of the understanding that the present system has been satisfactory no change would be proposed at this time.

Amendment No. 26: In lieu of the House and Senate provisions in this amendment, relating to foreign duty allowances of certain military personnel, the provision agreed upon prohibits the use of funds appropriated to the Department of Defense for payment to any person who is resident of a United States territory or possession of any foreign duty

pay as prescribed in section 206 of the Career Compensation Act unless such person is serving in an area outside of the territory or possession of which he is a resident. The present restriction on the payment of authorized station allowances is removed.

Amendment No. 27: This amendment, relating to ROTC students, adopts language proposed by the House with a clarifying amendment. The amended version identifies those persons required to execute a certificate of loyalty, or loyalty oath, as "formally enrolled," which is understood to refer to those beginning students who are eligible for the full four year course leading to ultimate commissioning in the United States Armed Services and are therefore so enrolled by the appropriate military department.

Amendment No. 28: Reported in disagreement.

Amendment No. 29: Restores provision of the House restricting the use of funds for the preparation or prosecution of the pending suit in the United States District Court for the Southern District of California, Southern Division, by the United States of America against Fallbrook Public Utility District, amended to make this restriction applicable only up to the time of enactment into law of H. R. 5731 now pending in the Congress.

Amendments Nos. 30, 31, and 32: Correct section numbers.

Amendment No. 33: Eliminates provision of the Senate providing for allocation to the Department of Defense of funds appropriated to the Foreign Operations Administration for military assistance. The managers are agreed that this matter should be dealt with in the consideration of appropriations for the Foreign Operations Administration.

Amendment No. 34: Eliminates provision of the Senate concerning the basis for awarding contracts. The managers are agreed that contracts for procurement in the Department of Defense should not be used for the purpose of relieving economic dislocations as stated in section 733 of the bill. The managers feel that more specific language in the appropriation act may be confusing or impractical, particularly in view of Public Law 413 of the 80th Congress. The managers expect the Department of Defense to comply with basic law. If any changes are to be made they should be made by amendment to Public Law 413.

Amendment No. 35: Reported in disagreement.

Amendment No. 36: Corrects section number.

Senate report: In regard to the general statement in the report of the Senate Committee with respect to transfers between projects within items of appropriation, it is agreed by the managers that such transfers shall be effective only with respect to those specific projects which were reduced by the House and made the subject of appeal for restoration to the Senate and only upon prior approval of the Appropriations Committees of the Senate and the House of Representatives for the Department of Defense.

R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, JR.,
EDWARD T. MILLER,
HAROLD C. OSTERTAG,
ROMAN L. HRUSKA,
GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES.

Managers on the Part of the House.

Mr. WIGGLESWORTH. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered. The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 4, line 20, insert:

"RESERVE TOOLS AND FACILITIES"

"Amounts made available under this head for the fiscal year 1954 but not transferred to other appropriations during that year shall remain available for such transfer during the current fiscal year."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 2, and concur therein with an amendment, as follows: After the word "Amounts" in line 2 of said amendment insert the following: ", not exceeding \$100,000,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 9, line 12, insert: "Provided, That not to exceed \$36 million may be transferred to this appropriation from the appropriation 'Procurement and Production, Army' for the construction of National Guard armories in accordance with said act of September 11, 1950, when such transfers are determined by the Secretary of Defense to be in the national interest."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk reads as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 5, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "Provided, That not to exceed \$18 million may be transferred to this appropriation from the appropriation 'Procurement and Production, Army' for National Guard armory and nonarmory construction in accordance with the act of September 11, 1950, when such transfers are determined by the Secretary of Defense to be in the national interest: *Provided further*, That such portion of the amount so transferred as may be applied to the construction of buildings and facilities other than armories shall be without regard to the 75 percent restriction on contributions contained in section 4 (d) of the act of September 11, 1950."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 6: Page 11, line 3, insert: "Provided, That in addition, the Secretary of the Army may transfer not to exceed \$25 million to this appropriation from the appropriation 'Procurement and Production, Army': *Provided further*, That obligations may be incurred under this appropriation for installation, maintenance, and operation of facilities for antiaircraft defense without regard to section 67 of the National Defense Act."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 9: Page 17, line 1, insert: "Provided, That \$700,000 of the foregoing amount shall be transferred to the appropriation 'Salaries and expenses, Weather Bureau, Department of Commerce', fiscal year 1955."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: Page 21, line 16, insert: "Provided, That the unexpended balances appropriated for research and development under the heads 'Naval Personnel, General Expenses,' 'Marine Corps, Troops and Facilities,' 'Aircraft and Facilities,' 'Ships and Facilities,' 'Ordnance and Facilities,' 'Medical Care,' 'Civil Engineering,' 'Service-wide Supply and Finance, Navy' for the fiscal years 1953 and 1954 and the unexpended balance of appropriations under the head 'Research' are hereby transferred to and merged with this appropriation, in such amounts as may be recommended by the Secretary of Defense and approved by the Director of the Bureau of the Budget."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 13, and concur therein with an amendment, as follows: Before the period at the end of said amendment, insert the following: ", except that the total unobligated portions of such balances so transferred and merged shall not exceed \$8,703,100."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: Page 29, line 2, insert: "Provided, That in addition, the Secretary of the Air Force may transfer not to exceed \$5 million to this appropriation from any appropriation available to the Department of the Air Force for obligation."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 18, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "Provided, That in addition, the Secretary of the Air Force may transfer not to exceed \$5 million to this appropriation from any appropriation available to the Department of the Air Force

which is limited for obligation to fiscal year 1955."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 19: Page 30, line 9, insert: "That in addition, the Secretary of the Air Force may transfer not to exceed \$9,000,000 to this appropriation from any appropriation available to the Department of the Air Force for obligation."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 19, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "That in addition, the Secretary of the Air Force may transfer not to exceed \$9,000,000 to this appropriation from any appropriation available to the Department of the Air Force which is limited for obligation to fiscal year 1955: *Provided further*."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 22: Page 39, line 19, insert: "Provided further, That no funds available to agencies of the Department of Defense shall be used for the operation, acquisition, or construction of facilities in the continental limits of the United States for metal-scrap baling or shearing or for melting or sweating aluminum scrap unless the Secretary of Defense or an Assistant Secretary of Defense designated by him determines, with respect to each facility involved, that the operation of such facility must be continued in the national interest."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 22, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert: "Provided further, That no funds available to agencies of the Department of Defense shall be used for the operation, acquisition, or construction of new facilities or equipment for new facilities in the continental limits of the United States for metal-scrap baling or shearing or for melting or sweating aluminum scrap unless the Secretary of Defense or an Assistant Secretary of Defense designated by him determines, with respect to each facility involved, that the operation of such facility is in the national interest."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 28: Page 49, line 22, insert:

"Sec. 731. Those appropriations or funds available to the Department of Defense or any agency thereof which would otherwise lapse for expenditure purposes on June 30, 1954, and designated by the Secretary of Defense not later than July 31, 1954, shall remain available until June 30, 1955, to

such department or agency solely for expenditure for the liquidation of obligations legally incurred against such appropriation during the period for which such appropriation was legally available for obligation: *Provided*, That nothing in this section shall be construed to change the authority of the Department of Defense, or any agency thereof, and of disbursing officers and authorized certifying officers to apply for a decision in advance of payment and the duty of the Comptroller General to render such decision, or the authority of the General Accounting Office to settle and adjust proposed payments involving doubtful questions of law or fact."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 28, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"SEC. 731. Those appropriations or funds available to the Department of Defense or any agency thereof which would otherwise lapse for expenditure purposes on June 30, 1954, and designated by the Secretary of Defense not later than July 31, 1954, shall remain available until June 30, 1955, to such department or agency solely for expenditure for the liquidation of obligations legally incurred against such appropriation during the period for which such appropriation was legally available for obligation: *Provided*, That the Department of Defense shall make a review of all contracts entered into under such appropriations or funds and outstanding on June 30, 1954, and report to the Appropriations Committees of the Senate and the House of Representatives by January 31, 1955, (a) the total value of contracts canceled, (b) the total value of contracts adjusted and the resultant savings therefrom, and (c) the total value of contracts continued on the basis of determined need: *Provided further*, That any such contract shall be terminated no later than June 30, 1955, unless the Secretary of the Department concerned certifies prior to January 1, 1955, that continuation is necessary for reasons of economy or in the national interest."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 35: Page 53, line 20, insert: "SEC. 739. During the fiscal year 1955, appropriations of the Department of Defense shall be available for reimbursement to the Post Office Department for payment of costs of commercial air transportation of military mail between the United States and foreign countries."

Mr. WIGGLESWORTH. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WIGGLESWORTH moves that the House recede from its disagreement to the amendment of the Senate numbered 35, and concur therein with an amendment, as follows: Change the section number from "739" to "738."

Mr. WIGGLESWORTH. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. HESELTON].

Mr. HESELTON. Mr. Speaker, this particular amendment, as I understand it, is a floor amendment offered in the other body. It was inserted after the chairman of the Senate subcommittee received a letter from the Defense Department, which is in the RECORD for June 17, pointing out that because Congress stated its intent that no money in the Post Office Department appropriation bill should be used for payment of commercial air transport of military mail between the United States and foreign countries, the Defense Department should be authorized to make payments for this purpose.

The Deputy Comptroller of the Defense Department stated:

A quick review of the authority to reimburse the Post Office Department or to hire commercial carriers for this purpose indicates that the Department of Defense does not have authority to make such payments for the transportation of this personal mail.

During the consideration of the conference report on the Post Office appropriation bill on May 19, the gentleman from New Jersey [Mr. CANFIELD], chairman of the subcommittee, said this at page 6840:

Mr. Speaker, may I also say with reference to an inquiry just propounded by the distinguished gentleman from Massachusetts [Mr. HESELTON], asking if there are any funds in the Post Office appropriation for the new fiscal year for the payment for commercial air transportation of military mail by the United States and foreign countries, the answer is in the negative. There are no funds for this purpose in this bill. The Post Office Department delivers mail to the various APO offices in our country, such as New York and San Francisco, and the responsibility from there on rests with the Defense Establishment.

This amendment as it appears in here I think might be distorted through a misconception. Usually military mail tendered by the Defense Department or by the Post Office Department to commercial carriers would have to be paid for at the rate set for the Post Office Department by the Civil Aeronautics Board. In the Atlantic run, for example, this restriction in the Senate amendment might be thought to mean that the Post Office would have to pay prevailing rates set by the Civil Aeronautics Board at 85 cents per ton-mile and the Defense Department would have to reimburse the Post Office Department at that same rate of 85 cents per ton-mile. However, I understand that a number of offers have been made to the Defense Department for daily service on the European Channel at rates of only 25 cents per ton-mile. Use by the Defense Department of commercial air carriers at this low rate instead of the high rate, on the European Channel alone at present volume, would save the Defense Department approximately \$8,000 per day. Certainly that would be an important and highly desirable economy.

I sincerely trust the conferees feel as the gentleman from New Jersey [Mr. CANFIELD] and I felt, that this matter had been clearly established as sound policy in the Post Office Department bill.

Mr. SCRIVNER. Mr. Speaker, will the gentleman yield?

Mr. HESELTON. I yield.

Mr. SCRIVNER. This section became necessary due to the action which we have taken in separating subsidies for mail. When that arose there was no provision for the carrying of the air mail to and from the service men scattered throughout the world.

This is merely authorization to the Defense Department to use available funds for that purpose under agreements with the Post Office Department; and, of course, we expect the Post Office Department to get this mail carried in the most expeditious manner and at the lowest possible rate of pay.

Mr. HESELTON. Also, Mr. Chairman, you would expect the Defense Department to do the same thing.

Mr. SCRIVNER. And, of course, under existing law which the Post Office Department would have to comply with. But I still believe, as the gentleman from Massachusetts has expressed, that it can be done at a reasonable rate.

Mr. HESELTON. I should add in fairness that there may be some of the routes where there is simply not enough mail to compensate for a special service at the low rate, but on the Atlantic run particularly there is adequate quantity to justify the low rate and I am anxious that any doubt be cleared up now.

Mr. SCRIVNER. I thank the gentleman from Massachusetts for raising the question so it could be cleared up on the floor.

Mr. WIGGLESWORTH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent that I may extend my remarks in the RECORD at this point on the conference report just adopted, include tables and extraneous matters, and make a similar request for other members of the House conferees.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, this bill as brought to you today carries an overall total of just over \$28,800,000,000. The total is \$115,875,000 above the total approved by the House and is \$416,981,000 below the total approved by the Senate.

The total agreed to in conference is just short of \$1,087,000,000 below the budget estimates.

In addition the bill carries rescissions from funds previously made available in the amount of \$1,050,000,000.

I include at this point in the RECORD a table entitled "Summary of Conference Action".

Summary of conference action, Department of Defense appropriation bill, 1955

Title	Appropriations, 1954	Budget esti- mates, 1955	House bill	Senate bill	Conference action	Increase (+) or decrease (-) conference action compared with—	
						House bill	Senate bill
Title I—National Security Training Commission.....	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000		
Title II—Office of the Secretary of Defense.....	13,250,000	13,500,000	12,500,000	13,000,000	12,750,000	+\$250,000	-\$250,000
Title III—Interservice activities.....	756,300,000	547,500,000	527,500,000	527,500,000	527,500,000		
Title IV—Department of the Army.....	12,937,406,000	8,211,000,000	7,619,066,986	7,890,067,986	7,619,066,986		-271,001,000
Title V—Department of the Navy.....	9,438,310,000	9,915,000,000	9,705,818,500	9,725,602,500	9,712,823,500		-12,779,000
Title VI—Department of the Air Force.....	11,168,000,000	11,200,000,000	10,819,310,000	11,060,881,000	10,927,930,000		-132,951,000
Total.....	34,313,321,000	29,887,055,000	28,684,250,486	29,217,106,486	28,800,125,486	+\$115,875,000	-416,981,000

NOTE.—Conference bill compared with appropriations, 1954, —\$5,513,195,514. Conference bill compared with budget estimates, 1955, —\$1,086,929,514. In addition rescissions totaling \$1,050 million have been effected by the bill (stock funds, \$550 million; procurement and production, Army, \$500 million).

It may perhaps be added in respect to amendment No. 28 adopted by the Senate that the proviso clause inserted by the Senate has been stricken inasmuch as it is not necessary. As a matter of fact the language of the amendment without the proviso preserves all the controls referred to in the proviso as well as all other provisions of law respecting the settlement of contracts and claims against the Government. The inclusion of the proviso might inferentially have waived provisions of law not specifically covered by it. This statement has the concurrence of the General Accounting Office.

Mr. FORD. Mr. Speaker, I should like to take this opportunity to discuss with the membership the action of the conference with respect to the item of military construction, Army Reserve forces. This item provides funds for the construction of armory and nonarmory facilities for both the Army Reserve and the Army National Guard.

The budget estimate for this item was \$15 million, of which \$5 million was for Army Reserve construction, \$9 million for the Federal share of National Guard armory construction, and \$1 million for National Guard facilities other than armories. Both this House and the other body adopted these amounts as the appropriation in the bill.

Subsequent to the hearings before our committee, a complete list of appropriations by individual States in support of National Guard armories was made available to the Senate. This compilation appeared to indicate an additional requirement of \$36 million in order that the Federal Government contribution of 75 percent toward National Guard armory construction correspond exactly to existing State appropriations. The Senate amended the bill to provide the Secretary of Defense authority to transfer up to \$36 million, in addition to the appropriation, from procurement and production funds, for the construction of National Guard armories. Any such transfers must be approved by the Secretary of Defense, who shall determine that the transfer is in the national interest.

Discussion in conference developed that an increase in the armory construction program, from the present rate to a rate calling for obligations of Federal funds in amounts of \$3¼ million per month was unlikely. Agreement was

reached on a total transfer authority, in addition to the appropriation of \$18 million.

It was also pointed out that one of the most pressing needs is in the area of protection and preservation of federally owned military equipment in the hands of National Guard units. The conferees determined that funds made available by the permissive transfer authority ought, therefore, to be available for the construction of nonarmory facilities such as shops and storage buildings.

The amendment of the Senate numbered 6, to which this House is asked to agree, provides for an additional \$25 million for the Army National Guard. This additional amount would be made available by transfer from the appropriation "Procurement and Production, Army" at the discretion of the Secretary of the Army.

Both the House and the Senate versions of the bill (H. R. 8873) provided \$218,530,000, the amount of the original budget estimate, for the Guard. The additional \$25 million results from a supplemental request by the Department of the Army, contained in Senate Document 124, based in part on increasing numerical strength of the Guard.

The principal necessity for additional funds, however, is the new program of the National Guard for the maintenance and operation of antiaircraft batteries. This program will relieve the Regular Army from the operation of numerous local standard antiaircraft artillery sites and permit them to concentrate on more complex defensive measures such as the operation of the Nike antiaircraft guided missile batteries.

Since the National Defense Act limits the apportionment of National Guard funds to a State in accordance with the proportion of that State's guard strength to the national total guard strength, language is included in the Senate amendment waiving that particular limitation with respect to the antiaircraft program. Obviously, the cost of installing, maintaining, and operating antiaircraft units will, in some States, cause this proportion of funds to be exceeded.

COMMITTEE ON FOREIGN AFFAIRS

Mr. CHIPERFIELD. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may sit during

the session of the House today, and that the committee may have until midnight tomorrow to file its report on H. R. 9678, the Mutual Security Act of 1954, and that the report may consist of two parts, the second part of which shall contain a compliance with the Ramseyer rule.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMDR. DONALD B. MACMILLAN

Mr. SHORT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3476) to provide for the advancement of Comdr. Donald B. MacMillan, United States Naval Reserve, retired, to the grade of rear admiral on the Naval Reserve retired list.

Mr. RAYBURN. Mr. Speaker, reserving the right to object, may we have a statement concerning this bill? I did not know anything about this before.

Mr. SHORT. Mr. Speaker, a brief word of explanation.

The purpose of S. 3476 is to advance the famous Arctic explorer, Donald B. MacMillan, from the grade of commander, United States Navy, retired, to the grade of rear admiral on the Naval Reserve retired list. Commander MacMillan is now 80 years old, and has made 29 Arctic expeditions. He will be in Washington Saturday night, and will leave Sunday for the Arctic to begin his 30th expedition.

He is a great American and has contributed immeasurably to the science of hydrography, meteorology, and geography in the polar regions. As a Reserve retired commander, he now receives retirement pay in the amount of \$93 per month. This bill will not increase his retirement pay by one penny, but it will bestow upon him the honor to which he is so justly entitled.

Mr. RAYBURN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. SHORT]?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Comdr. Donald B. MacMillan, United States Naval Reserve, retired, shall be advanced on the Naval Reserve retired list to the grade of rear admiral effective as of the date of enactment

of this act, in recognition of his lifelong and invaluable services on behalf of the United States and the United States Navy through outstanding contributions to the sciences of hydrography, meteorology, and geography in the polar areas.

SEC. 2. Nothing contained in this act shall be deemed to increase the retired or retirement pay received by the said Comdr. Donald B. MacMillan and no other benefits shall accrue to him by virtue of the enactment thereof.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. DEWART. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs may have permission to sit during the session of the House this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

SIOUX INDIANS OF THE LOWER BRULE AND THE CROW CREEK RESERVATIONS, S. DAK.

Mr. DEWART. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2231) to authorize the negotiation and ratification of separate settlement contracts with the Sioux Indians of the Lower Brule and the Crow Creek Reservations in South Dakota for Indian lands and rights acquired by the United States for the Fort Randall Dam and Reservoir, Missouri River development, to authorize a transfer of funds from the Secretary of Defense to the Secretary of the Interior and to authorize an appropriation for the removal from the taking area of the Fort Randall Dam and Reservoir, Missouri River development, and the reestablishment of the Indians of the Yankton Indian Reservation in South Dakota, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, strike out lines 14 to 17, inclusive, and insert:

"(d) State that the payments authorized to be made shall be in full and complete settlement of all claims by the tribe and its members against the United States arising because of the construction of the Fort Randall project."

Page 4, line 17, after "used" insert ", together with any other appraisals which may be available."

Page 5, line 24, strike out all after "Sec. 8." over to and including line 2 on page 6 and insert "There is hereby authorized to be appropriated to the Secretary of the Interior."

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

MRS. OLYMPIA CUC

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3038) for the relief of Mrs. Olympia Cuc, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 7, strike out all after "fee." down to and including line 11.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

JUVENILE ROWDYISM

Mr. CURTIS of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. Mr. Speaker, I am taking this time to call attention to a very serious occurrence that happened last night when I was returning from the congressional ball game. The gentleman from Illinois [Mr. SPRINGER] drove me to within a half block of my residence, which is the Capitol Plaza Apartments at 35 E Street. This is a group of apartments and hotels near the Union Station. I think everyone is familiar with the locality.

When I was let out and started to walk the half block I noticed a gang of about 10 or 12 teen-agers who were gathering along the side of a wall right next to the sidewalk with clubs and rocks in their hands. I passed the spot just as they were gathering.

I was curious to see what was going to transpire; so I sort of hesitated before going into the apartment building. I saw coming along a well-dressed gentleman who was following me a little bit, and when he reached this spot these young hoodlums jumped out and started beating him with clubs and throwing things. I immediately turned and yelled, and he, of course, did what he could to beat them off. And, they stood aside long enough to allow him to come down the sidewalk to where I was standing.

Incidentally, this gentleman was a visitor in town. His name is Frank Mitchell, from Toledo, Ohio, and he was staying at the Stratford Hotel right next door. When Mr. Mitchell reached the point where I was, these hoodlums began throwing rocks at us. And when I say "rocks," I brought one along just to demonstrate what I mean. And, this is not the largest of the rocks. There was one a little heavier than that, but this is the one I picked up.

I immediately called the police, and a patrol car came by. Mr. Mitchell in the meantime had gone. I went up to my apartment to call. Mr. Mitchell went down to the fire station right around the

corner, and here was the story he got: "There is no sense in calling the police. This is going on all the time." When the police came, the first thing they said was, "Well, there is not much we can do about this. This occurs all the time."

I went to the Stratford Hotel desk, and I was informed that 3 days ago two congressional secretaries were attacked right in front of the hotel when the mob tried to snatch their purses. Just a week before that they had thrown rocks through the back end of this hotel.

The whole neighborhood knows that this has been going on for several months. Of course, I have notified the Committee on the District of Columbia and they are going into this matter. I also talked with the Deputy Chief of Police of the District of Columbia in my office this morning, and he said there is something they can do about it. And, I assured him that I thought that is exactly the answer I expected to hear. But, it is about time something is done about it.

Now, this has occurred right in our Nation's Capital, and apparently it is a situation that has been going on for some time, and it is a matter, having witnessed, that I never expected to see happen in America.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from West Virginia.

Mr. BAILEY. When we were considering the budget for the District of Columbia, I raised the question about the administration of the Police Department and suggested that they get some of our police that are now riding around the city in patrol cars back on the beats. You put a good policeman on the beat and charge him with the responsibility of taking care of that beat, and you will break up a lot of these gangs. They are running wild in Washington. I think that would be the major solution. Too much emphasis is placed on solving a crime after it is committed. What should be done is to prevent crime before it is committed.

Mr. CURTIS of Missouri. I thank the gentleman.

Mr. Speaker, I think this is a very serious thing. The fact that I am a Congressman is incidental. This man was a visitor in town, and here I saw something that I say again I never expected to see in America. When I heard that the police said nothing could be done about it and that it was something that had been occurring over a period of many months, I became alarmed, and I felt it my duty to report it to the House.

JUVENILE ROWDYISM

Mr. REAMS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. REAMS. Mr. Speaker, at the suggestion of my colleague, the gentleman from Missouri [Mr. CURTIS], I have asked

to speak following him because I am greatly concerned, as he is, about this matter. This was one of my constituents who was attacked as he related. He is not any better than any of your constituents, but because I ask people from my district regularly to visit Washington, in the belief that it makes them better citizens, this incident disturbs me. It is unthinkable that this should go on and on, as it has been going on since I have been here, for more than 3 years now.

I live on Capitol Hill. I live there by choice. I can think of no place where it is more inspiring to live. I never come out from my hotel and see the dome of this Capitol, by day or night, that I do not get a great thrill. It is truly a beautiful city. I can see no reason why the most beautiful city in the world should be the worst governed.

I have hesitated to say this publicly, because I feared that it might be considered a reflection on the Committee on the District of Columbia who work so hard to try to give this city good government. I am sure it is no reflection on our colleagues who serve on that committee. I am convinced, however, that the form of government under which this District is now operated is incapable of giving the kind of government that the Capital City of this Nation deserves. It is my opinion at this time, and one I have considered for a long time, that this District will never be well governed until it becomes a normal city within a State of this Nation.

It is my belief that until this District is retroceded, with the exception of the Federal portions of it, to the State of Maryland and undertakes its responsibilities and duties as such, we will not have protection of the kind of government to which people who live here and our constituents who visit here are entitled.

Mr. Speaker, it seems to me that there should be no reason why the Capital of our country, the most beautiful capital in the world, cannot be a well-governed city.

Prior to 1874, when the residents of the District still had the right to vote, several types of government were tried out. Included in these was the territorial form with a local legislature and a delegate in Congress and a governor appointed by the President. These and other legislative experiments proved ineffective for satisfactory government, in spite of the fact that residents had the vote. It became apparent that the franchise alone could not guarantee good government.

In 1874 the present form of government was adopted for the District. It did not provide for the right to vote for the District of Columbia citizens. Apparently the commission form of government has worked better than any that preceded it. At least, it has lasted longer. The people of the District have been led to believe that all of the ills and shortcomings of their government arise from the fact that they do not have the right to vote. Of course they should

have the right to vote, but there is ample evidence that no government for the District of Columbia will be satisfactory until the area is retroceded to Maryland and Washington assumes its place as an American city. Only in this way can the people of the District have the full rights and responsibility for local, State, and national participation.

That is what happened to the portion of the District lying south of the Potomac. In 1846 it was retroceded to Virginia and the people living there have had full governmental participation. Although the Federal Government uses as large or a larger percentage of the Virginia area than is true in the District, yet, the cooperation between Federal, State, and local units has been agreeable to all concerned. Until retrocession comes to that part of the original District north of the Potomac, the citizens living therein will have a second-class status and will be denied full responsibility for participation in local, State, and National Government. In addition to this, the Government will continue to be incapable of giving to its citizens and their guests the protection and services to which they are entitled.

FILING OF MINORITY VIEWS ON H. R. 9678

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that it may be in order to file minority views on H. R. 9678 not later than midnight tomorrow and that they may be printed separately.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

SPECIAL ORDERS GRANTED

Mr. THOMPSON of Louisiana asked and was given permission to address the House for 15 minutes today, following the legislative program and any special orders heretofore entered.

Mr. PRIEST asked and was given permission to address the House on Tuesday next for 1 hour, following the legislative program and any special orders heretofore entered.

SERIOUS HOUSING SITUATION IN CHICAGO AND OTHER LARGE CITIES

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, I am again alerting the House to a serious situation in the city of Chicago. It is expected that within another month or 6 weeks we will wind up the work of the 83d Congress and go home to await the verdict of the people on their satisfaction with the way in which we

have represented them. I appreciate that it is the policy of the administration and of the leadership to mark time and to do nothing that does not absolutely have to be done. Nevertheless I shall continue to press for action on my resolution creating a select committee to investigate immediately the housing and rental situation in Chicago and in other large cities. If no action is taken, rest assured the people will know where to put the responsibility.

This Congress has spent several million dollars in investigations by congressional committees. It appropriated \$115,000 for a committee to investigate foundations despite the fact that the field of that investigation had been thoroughly covered by a committee of a preceding Congress. It has footed the bill for committees going all over the world. In view of all this, what answer can the 83d Congress make to the people of Chicago and of the other large cities of the country if it refuses to act in this situation?

I am again urging upon every Member in this Chamber to read the article from the Chicago Daily News of June 14, 1954.

This tells the story. One year after the lifting of rent controls the housing shortage remains unimproved. There are no vacancies. Responsible real-estate interests have tried to hold increases in rentals to a reasonable basis. The situation has got away from them. It is running wild. In many instances rents have been doubled and on top of that further increases of from 10 to 20 percent are threatened.

Letters continue to pour into my office. Some of them tell of properties being sold at inflated values, new purchasers lured by the prospect of paying off entire purchase prices in a 10-year period. Faced with additional 20 percent increases, and no place to which to move, tenants are frantic. Responsible real-estate men are equally concerned since they know from experience that the only end of this madness will be a crash in real estate with the tragedies of 1929 all over again.

If there ever were a time when the exercise of the investigative power of the Congress was called for it is here and now. A select committee of the House authorized to look into the situation in Chicago and in other large cities, and reporting back before we adjourn, can be the means of relieving tenants from unreasonable demands and preventing another real-estate bust comparable to that of 1929.

Mr. Speaker, I shall continue to keep the Membership of this House reminded that this time the people have only about 4 months to wait until it is their turn to act.

COMMITTEE ON RULES

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow to file rules, particularly one on the MSA authorization bill.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday next may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROGRAM FOR THE BALANCE OF THIS WEEK AND FOR NEXT WEEK

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HALLECK. Mr. Speaker, I ask for this time for the purpose of announcing the program. This afternoon we expect to conclude the bill from the Committee on Banking and Currency, the rule on which was adopted the other day. That cleans up the outstanding matters for this week, which is why I moved that we adjourn over until Monday.

As to the program for next week, Monday is District day, but I am informed there are no bills to be called up at this time.

The MSA authorization bill has been reported. A clean bill has been introduced. It will be ready for consideration. The rule will be filed by midnight tomorrow night. It will be ready for consideration Monday. I am very hopeful that we may adopt the rule on the bill and conclude the general debate Monday. That would be governed entirely, of course, by the amount of time granted under the rule.

For Tuesday and the balance of the week, we shall continue and conclude the MSA Authorization Act. Then we hope to take up next the Agricultural Act of 1954, which I understand is about to be reported, also H. R. 9640, the Vocational Rehabilitation Act. I am not sure that has been reported from the Committee on Education and Labor but I think it is ready to be reported. We will also take up the following bills:

H. R. 9252, a tanker bill from the Committee on Merchant Marine and Fisheries.

H. R. 9580, the Espionage and Sabotage Act of 1954.

H. R. 7486, having to do with the harboring of fugitives, and such other Communist control bills as may be reported by the Committee on the Judiciary.

If it is reported and a rule granted, if a rule should be necessary, the extension of the Unemployment Compensation Insurance Act will be considered.

Of course, conference reports will be in order at any time and will take preference as they are reported for action.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Texas.

Mr. RAYBURN. It is the purpose of the gentleman, then, to allow nothing to come between the MSA bill and the agriculture bill? They are to be disposed of first without the intervention of anything else?

Mr. HALLECK. Except conference reports, I may say to the gentleman from Texas. If for any reason the agricultural bill is not reported, then we would go on with some of this other business. I am confident it will be reported. It is an important matter and should be disposed of. I will say to the gentleman that it is our purpose to put the Agricultural Act of 1954 on following the MSA Authorization Act.

COMMITTEE ON APPROPRIATIONS

Mr. TABER. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Saturday night to file conference reports.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Speaker, there will be some items like the foreign relief and the civil defense and 2 or 3 things of that character that will have to have resolutions that will make funds available temporarily. They will come up on either the 30th or the 1st, I cannot tell which. I thought I ought to say that.

AMENDMENT OF NATIONAL HOUSING ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (S. J. Res. 167) to amend the National Housing Act, as amended, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. PATMAN. Reserving the right to object, Mr. Speaker, will the gentleman explain the joint resolution?

Mr. WOLCOTT. Yes, I will be glad to.

Mr. Speaker, it is becoming increasingly apparent that the conferees on the part of the House on the housing bill will not be able to complete their action and get a conference report back to the House previous to June 30, at which time some parts of the Housing Act will expire. This joint resolution extends those provisions of the Housing Act

which would otherwise expire on June 30 to July 31, 1954. The matters which will be continued under this resolution for the 31 days will be the direct commitments of FNMA in respect to defense housing, disaster housing, military housing, and the Wherry Act housing which has to do with atomic energy housing and military housing will likewise be continued. Farm housing is also continued for 31 days and the so-called GI direct loan program, which otherwise would expire on June 30, will be continued for 31 days. Then there is a provision which does not have solely to do with housing which is inserted in the bill under instruction of the Committee on Banking and Currency. The RFC, you will recall, expires on June 30. The other body in its housing bill continued the succession of the RFC to avoid litigation and to preserve actions by or against the RFC in the process of its liquidation. Because the Committee on Banking and Currency had previously agreed to report out a similar bill, if not an identical bill, and then to accept in conference the provisions of the Senate bill in respect to the succession of RFC, this 31-day extension bill also includes an extension of RFC succession for the purposes which I have mentioned.

Mr. THOMPSON of Louisiana. Mr. Speaker, will the gentleman tell me if title 9 of the Housing Act will also be extended for that period of time?

Mr. WOLCOTT. That is right.

Mr. THOMPSON of Louisiana. I thank the gentleman.

Mr. PATMAN. Mr. Speaker, I withdraw my reservation of objection.

Mr. SPENCE. Mr. Speaker, reserving the right to object, this resolution was passed unanimously by the committee and it is merely to extend the time in order that we can come to some agreement in conference on the bill.

Mr. WOLCOTT. That is right.

Mr. SPENCE. Mr. Speaker, I withdraw my reservation of objection.

Mr. COLMER. Mr. Speaker, reserving the right to object, may I inquire from the distinguished gentleman from Michigan whether we are to gather from what he has said that he does not propose or hope to call up the conference report on housing next week before the Fourth of July recess?

Mr. WOLCOTT. I would think, to be realistic about it, it is next to impossible, if not impossible. We will go into conference on Monday, and we will work as long as we can. Two of the Members of the other body are away at the present moment; otherwise we would be in conference—but they are unavoidably absent. So we have agreed we would go into conference on Monday. So far as I know there will be no interruption in the conference when we get to it on Monday. Of course, Wednesday is the 30th of June, so I think it is improbable that we will be able to get to the conference before then.

Mr. COLMER. Of course, what I had in mind is that we had understood there would possibly be some sort of recess over the Fourth of July.

Mr. WOLCOTT. I had hoped so, but in view of the legislative program which

was announced here today, it seems somewhat improbable. But, of course, I would prefer to leave an explanation of that up to the leadership. But, notwithstanding any recess which we might have in the House, I assume that the conferees will continue their activity in this respect.

Mr. COLMER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. Wolcott]?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

Resolved, etc., That the National Housing Act, as amended, is hereby amended—

(1) by striking "July 1" in paragraph (1) (G) of section 301 (a) and inserting "August 1"; and

(2) by striking "July 1" in section 803 (a) and inserting "July 31."

SEC. 2. (a) Section 10 of the Reconstruction Finance Corporation Act, as amended, is hereby amended by striking therefrom the words "at the expiration of the succession of the Corporation" and inserting in lieu thereof the words "by the close of business on June 30, 1954."

(b) Subsection (a) of section 102 of the Reconstruction Finance Corporation Liquidation Act is amended to read as follows:

"(a) The first sentence of section 3 (a) of the Reconstruction Finance Corporation Act, as amended (15 U. S. C. 603 (a)), is amended to read: 'The Corporation shall have succession until it is dissolved pursuant to the provisions of section 10 of this act.'"

(c) Section 105 of the Reconstruction Finance Corporation Liquidation Act is amended by striking the words "termination of succession" wherever they appear therein and inserting in lieu thereof the word "dissolution."

(d) Subsection (a) of section 106 of the Reconstruction Finance Corporation Liquidation Act is amended to read as follows:

"(a) Promptly after June 30, 1954, the Administrator of the Reconstruction Finance Corporation shall make a full report to the Congress."

SEC. 3. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended by striking out "June 30, 1954" and inserting "July 31, 1954."

SEC. 4. The Servicemen's Readjustment Act of 1944, as amended, is hereby amended—

(1) by striking "June 30" in clause (C) of section 512 (b) and inserting "July 31";

(2) by striking "June 30" in the first sentence of section 513 (a) and inserting "July 31"; and

(3) by striking "June 30" in the first sentence of section 513 (d) and inserting "July 31."

SEC. 5. Title V of the Housing Act of 1949, as amended, is hereby amended as follows:

(a) In the first sentence of section 511 immediately following the phrase "July 1, 1952," strike the word "and," and insert at the end of the sentence just before the period a comma and the language "and an additional \$8,500,000 on and after July 1, 1954."

(b) In section 512 (i) strike "and 1953" and insert "1953, and 1954", and (ii) strike "and \$2,000,000" and insert "\$2,000,000, and \$170,000."

(c) In section 513, strike "and \$10,000,000 on July 1 of each of the years 1950, 1951, 1952, and 1953" and insert "\$10,000,000, and \$850,000 on July 1 of each of the years 1950, 1951, 1952, 1953, and 1954."

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMMITTEE ON AGRICULTURE, H. R. 9680

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight Saturday to file a report on the bill, H. R. 9680.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. Mr. Speaker, I am today introducing a resolution to provide for the printing of a number of copies of the Pledge of Allegiance to the Flag of the United States, in the form of a House document, to be made available to Members of both Houses of the Congress for distribution. Included in this document there is a short history of the pledge and its author, Francis Bellamy.

It was through the good offices of my friend and colleague, the Honorable HERMAN P. EBERHARTER, Democrat of Pennsylvania, that the Pledge of Allegiance was made an officially designated part of the flag code, in 1945. Since that time one change has been made in the pledge. My bill, House Joint Resolution 243, to add the words "under God," after being accorded nationwide support, received final approval on Flag Day of this year, June 14. It is now better known as Public Law 396.

It is my belief that an extensive circulation of these printed copies of the Pledge of Allegiance to the Flag will imprint, indelibly, upon the minds of those who read them, whether they be young or old, that their great Nation, these United States, exists and endures purposefully "Under God," while at the same time deriving its strength and vitality from the free consent of the governed.

We owe it to ourselves and to those who one day will follow in our footsteps to perpetuate and consecrate this legacy.

SPECIAL ORDERS GRANTED

Mr. BAILEY asked and was granted permission to address the House on Monday next for 10 minutes, following the legislative business of the day and any special orders heretofore entered.

Mr. MCCORMACK asked and was granted permission to address the House today for 5 minutes, following the legislative business of the day and any special orders heretofore entered.

GI BILL OF RIGHTS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, more and more people are beginning to appreciate the fact that the educational provision of the GI bill of rights has proved to be a great success, insofar as the men have done extremely well and almost without exception have received a very fine education. They deserve great credit for what they have done. The bill has been very, very successful, and more and more I am reading statements that the measure has proved financially successful, in that it has raised the educational standards of our veterans far beyond our fondest hopes at the time of enactment of the law. Under the home loan feature of the act, it has been found that the default rate has been one-half of 1 percent—a most remarkable record that speaks well for the probity and trustworthiness of the average veteran. Where these loans have been repaid fully the average time has been but 8 years.

All of this is excellent argument for the early passage of H. R. 9395, a bill now pending upon the Consent Calendar of the House, and which would extend the period during which benefits may be offered to the Korean veterans and the badly disabled veterans who are in hospitals and have not had an opportunity to begin their rehabilitation training. It should be enacted without delay. Altogether the GI bill of rights has been one of the finest things that the Congress has ever enacted. Recently there was criticism of the fact that the name of the President was left out of a press release regarding the bill of rights. President Roosevelt signed the first bill, and many Democrats and Republicans helped in its preparation and passage.

SPECIAL ORDER GRANTED

Mr. CANFIELD asked and was given permission to address the House for 5 minutes today, following the special orders heretofore entered.

AMENDING FEDERAL RESERVE BANK ACT

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for consideration under the provisions of House Resolution 578, the rule recently adopted, of H. R. 9143, to repeal the provisions of section 16 of the Federal Reserve Act, which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9143, with Mr. GRAHAM in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Michigan [Mr. Wolcott] is recognized for 30 minutes, and

the gentleman from Kentucky [Mr. SPENCE] will be recognized for 30 minutes.

Mr. WOLCOTT. Mr. Chairman, this bill was debated somewhat in statements made with respect to the rule. There was a unanimous report of the committee with perhaps one reservation.

The bill is not on the Consent Calendar because of the amount of money seemingly involved.

It is estimated that the procedures provided for in this bill will save an expense to the Federal Reserve banks of about \$750,000. We understood that an amendment or amendments might be offered to the bill and for that reason we have a rule on the bill.

I think the bill speaks for itself pretty much. It is to eliminate the requirement that Federal Reserve notes gathered together by one bank be sent back to the issuing member banks for redemption. Under this bill they will be redeemed when necessary out of a fund which is established in the Treasury.

Mr. Chairman, we have no requests for time on this side.

Mr. SPENCE. Mr. Chairman, I am in favor of this legislation. I think it is a very desirable bill and should be passed. It will be the means of effecting a great saving, approximately \$750,000 a year, and will accomplish the same objective as existing law. I am sure there will be no opposition to it, and I can see no reason for any extended discussion.

Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, the bill before us seeks to accomplish a very desirable purpose, to wit, the saving of about \$750,000 a year in the operation of the Federal Reserve System.

Unfortunately, the bill goes much further than simply accomplishing that purpose; it actually works a change in the basic Federal Reserve Act in order to accomplish the saving of \$750,000. The Chairman of the Federal Reserve Board who appeared before us on behalf of the Federal Reserve System and on behalf of the Federal Reserve Board of Governors told us that the only thing sought to be accomplished by this bill is to save the cost of transporting Federal Reserve notes back and forth between the 12 regional Federal Reserve banks. The bill seeks to accomplish that by eliminating two sentences from the law. In doing that, it actually changes the basic law. I have no objection to accomplishing the saving, and I have suggested an amendment that will accomplish this saving without changing the basic law. I submitted the proposed change to the distinguished chairman of our committee but he indicated that he could not go along with it.

I telephoned the Chairman of the Federal Reserve Board, Mr. Martin, and discussed with him my proposed amendment. He said to me very frankly that my proposed amendment would accomplish all that they seek to accomplish and that it would save the \$750,000 per year just as their recommendation would seek to accomplish. At the same time it would not take out of the law the two sentences which now are the only provi-

sions in the law for the contraction of our currency.

Let me read very briefly to you from the report of the House Banking and Currency Committee at the time it reported H. R. 7837 to the 63d Congress, which bill when enacted became the Federal Reserve Act.

The committee then said:

But there remains the general question whether the public requirement of elasticity has been met and provided for.

That is, the elasticity of our currency.

Elasticity must be considered from two standpoints—that of expansion and that of contraction. As to expansion, the regulatory mechanism is the Federal Reserve Board, which is given the power to veto applications for notes.

That is, Federal Reserve notes, which, as you know, are issued by Federal Reserve banks as currency and which circulate freely as money, as obligations of the United States Government.

I continue to read from the report of the committee:

The Board, however, cannot issue notes unless they are applied for and accompanied by a tender of proper commercial paper. This, at least, seems to assure that they will not be hastily or rashly overissued. The contraction feature is more difficult. In attempting to guard against the danger that the notes might remain in circulation after the need for them had passed, the bill makes the following provisions: (1) The notes cannot be used in bank reserves; (2) the notes are not to be legal tender; (3) the notes cannot be paid out by any Federal Reserve bank (when not at first issued by it) under penalty of a tax of 10 percent on their face value; (4) every Federal Reserve bank is directed, upon receiving the note of another Reserve bank, to (a) either send it direct to the bank that issued it, (b) to send it to the Treasury, charging it off against deposits, or (c) to present it to the Treasury for redemption in lawful money. On the other hand the Treasury is directed when it gets such notes in ordinary receipts to have them redeemed out of a 5-percent fund kept with the Department for the purpose, and then to send them home for ultimate redemption. The belief is freely expressed that these provisions will maintain the notes at par everywhere and will also prevent them from expanding or remaining out after the need for them has gone by.

There have been changes in the Federal Reserve Act in the last 40 years, but the sentence which is now sought to be eliminated, and the next sentence providing for the means of compelling the redemption of notes, have never been changed in all these 40 years. When Mr. Martin and the Under Secretary of the Treasury, Dr. Burgess, were before our committee, I raised the point with them. I said, "Show me or show this committee another sentence anywhere in the law that provides for the redemption of these Federal Reserve notes."

They could not do it. No one has been able to point to a single other word in the entire act containing the provision in the sentence sought to be eliminated by this bill. It is the only provision in the Federal Reserve Act that provides for contraction of the currency if and when it becomes necessary.

You may say that in an expanding economy like ours you will not have to contract the currency. There were people who said that we would never have

a depression, there were people who said we would never have another recession. But no man, nobody, can project his mind into the future and say that never in the future will we have to contract the currency because we have not had to do it up to the present time. It is only because of this provision of the law that we have an almost automatic expansion and contraction of our currency. The committee has overlooked the fact that this sentence is the power to contract the currency which has brought about the automatic expansion and contraction of our currency when it was necessary. So, I say it is a mistake to take out the one provision in the law for the contraction of the currency based on the purported intention to economize. You can economize by simply providing that you need not send the notes back and forth between the various Federal Reserve banks. But you must not take out of the law the only provision for the contraction of the currency.

Let me present to you very briefly 1 or 2 statements that will help you understand this problem. I read to you from the Federal Reserve System's own book, published by it, explaining the purposes and functions of the Federal Reserve System. Chapter 1:

The principal purpose of the Federal Reserve is to regulate the supply, availability, and cost of money with a view to contributing to the maintenance of a high level of employment, stable values, and a rising standard of living.

Let me give you what it says in chapter II:

In the regulation of the supply of bank credit, or money, the Federal Reserve depends chiefly on its ability to increase or decrease bank reserves, which constitute the legally required basis of bank credit, or money.

I now turn to page 33 of this same excellent work on the Federal Reserve System, and I give you this:

The source of Federal Reserve lending power is in the System's authority to issue Federal Reserve notes and to create bank reserves in an amount exceeding the Federal Reserve banks' holdings of gold certificates.

Now, that is important, because you are going to be told as long as there are enough gold certificates held by the Federal Reserve banks that you do not have to concern yourself about contracting the currency. Bear in mind, while we have enough in the Federal Reserve banks today of gold certificates to back up every dollar of Federal Reserve notes today, and more, under the law as it exists, the Board has the right and the system has the authority, to quote from the law, to create additional bank reserves over and above the gold certificates against which the Federal Reserve banks may issue Federal Reserve notes to circulate as currency.

Then let me give you this additional quotation from page 62, chapter VI:

The Federal Reserve pays out currency in response to public needs and absorbs redundant currency. Its operations result in making the entire currency supply elastic.

Now, mind you, they say not only to issue currency but to absorb currency, because if you cannot contract or absorb the currency, you lose the elasticity, and the principal purpose sought to be accomplished by the act and accomplished by the system is the elasticity of our currency. It is one of the backbones of our economy today.

One further quote from this same work issued by the Federal Reserve System, chapter XIII, summary:

Before the Federal Reserve System was organized, the outstanding defects of American banking were diagnosed as "inelastic currency" and "scattered bank reserves." Establishment of the System promptly cleared the way for the anticipated improvements. Elasticity of the currency was achieved. Machinery for note issue proved adequate for the purpose and in time was found to work almost automatically. For many years, including the war period, the volume of currency in circulation has expanded and contracted smoothly and efficiently in accordance with the varying requirements of the public, and the currency function of the Federal Reserve banks has become a matter of routine, virtually free from uncertainties and difficult administrative problems.

And now you are going to destroy all of that by taking out the one sentence that you find in the law that gives the right to absorb redundant currency or to contract the money in circulation.

I urge that in trying to economize, we do not destroy the Federal Reserve Act; that when I offer my amendment under the 5-minute rule, it be adopted so that you can both economize and at the same time preserve the basic concept of the Federal Reserve Act.

Mr. WOLCOTT. Mr. Chairman, I have no further requests for time.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

WHY \$750,000 A YEAR WASTE OVERLOOKED

Mr. PATMAN. Mr. Chairman, this bill is to save \$750,000 a year and it should be passed. The Federal Reserve Act will be 41 years old on December 23 of this year. This bill should have been passed 40 years ago. It would have saved the United States Government from \$15 million to \$20 million had it been. There was no reason why it should not have been.

You may wonder why it has been overlooked. I can tell you why it has been overlooked. The Federal Reserve System from the very beginning set itself up as a sort of a fourth branch of the Government; there were the legislative, executive, and judicial—and then the Federal Reserve. They stood separate and apart from other branches of the Government and led Members of Congress to believe that they were outside of the Government, that they were independent. They set up ways and means so that they did not have to come to Congress for appropriations.

There are two ways by which Congress has control of the purse strings of every agency. One is through the annual appropriation bills, when they have to come before the Committee on Appropriations and justify every item of appropriation requested. They took care

of that very quickly. You know, bankers are pretty smart and they learn how to do things, how to bypass Congress if they can. One of the first things they did was to learn how to bypass Congress on coming to Congress for an appropriation for the Federal Reserve System. They said that under the Federal Reserve Act "We have the power to create money. Why should we go to Congress for money?" They were right about it. They could call upon the Bureau of Engraving and Printing to print them up so much of Federal Reserve notes. And they did. They got \$1 million of Federal Reserve notes, printed money, currency just like you have in your pocket, and they traded it for \$1 million worth of Government securities which were drawing interest. Pretty smart they were, and they have kept it by buying billions, not millions. And do you know what they did? They kept that \$1 million, and when the interest came due, they collected it and put it in their pocket—the pocket of the Federal Reserve. And they kept it there; although they had traded one Government obligation for another, they kept both of them outstanding. They were smart enough to get a little amendment providing that they did not have to carry them both as a part of the national debt. That is the only consolation we got out of it. And that can be multiplied by \$25 billion. They finally accumulated \$25 billion worth of Government bonds just that way, trading non-interest-bearing Government obligations for interest-bearing Government obligations. They are collecting about \$600 million a year interest. Consequently, they do not have to come to Congress for their money. They not only pay their own expenses, they also spend \$100 million to help the privately owned banks every year. They are an agency of Congress. They are the servant, we are the master, but they do not go through the Congress. No, they have found a way to bypass Congress. They have been doing it for 41 long years. That is the reason Congress knew nothing about this waste of \$750,000 a year.

Another reason this waste was not discovered by Congress is they are not audited—they are pretty smart there, too. They did not want any Government auditors snooping around into their affairs. So by getting a little amendment here and a little amendment there, a comma here and a period there, they got it fixed up so that they do their own auditing and have over these 41 years. Every audit that has ever been made of the Federal Reserve System has been made by themselves, and only one has ever been filed. I raised so much sand about it that they filed one this year, April 28. It is a milestone in the history of the Federal Reserve System. It is the first time that an audit has ever been filed, and that was not of the Open Market Committee, it was not 1 of the 12 Federal Reserve banks, it was just an audit of the Board of Governors.

Mr. MERRILL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Indiana.

Mr. MERRILL. Is it not true that legislation similar to this was offered to the Congress in times past, so that the Federal Reserve System is not responsible for having kept this procedure in operation all these years?

Mr. PATMAN. I differ with my distinguished friend. One time in 1935 they suggested it but they backed off very quickly. They did not insist on it. The House passed it. Why did they not insist in every annual report on calling this to the attention of Congress? They get up an annual report. It is very interesting for what is not in it, but they have to report something. The law requires it. Why did they not in every annual report say to the Congress, "We are wasting three-quarters of a million dollars every year, Congress. Why don't you change the law?" They did not do that. They have never put it in one annual report, not one, that the law ought to be changed, not one time; not one time. Then this year, after 41 long years, they break down and confess that they have been wasting money, just absolutely wasting it, three-quarters of a million dollars a year, and for the first time advises Congress about it being wasteful. Neither the question of waste nor the answers thereof had ever been raised before.

Mr. MERRILL. The gentleman will admit the Federal Reserve called the attention of Congress to this waste and asked them to do something about it? The gentleman is only complaining that they did not badger the Congress to do its duty.

Mr. PATMAN. No; they did not call it waste. No. They just suggested in connection with the 1935 act it ought to be done. They did not say it was waste. They did not say there was any saving about it. They did not specify why it was wasteful or how much was being wasted. Nineteen hundred and thirty-five—that has been 19 years. Why have they not sometime in 19 years in their annual report put something in there to say, "We are wasting money"? and at the same time indicate the large amount being wasted.

Mr. MERRILL. Does the gentleman think there might be the possibility that they found they were rebuffed by the past Congresses, but now that the Congress has changed hands and economy is a little bit more in the minds of Congressmen, they thought they would have a chance at this time?

Mr. PATMAN. That word "rebuffed" I think is a little bit overused there. I do not think they were rebuffed. They have demonstrated they are not interested in economy.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. We hear the word "economy." They are just going to put through a deal now that, according to the Atomic Energy Commission, will cost the taxpayers at least \$92 million in the next 25 years and, according to the TVA commissioners, will cost \$135 million to the taxpayers. What kind of economy is that?

Mr. PATMAN. I do not know about that. That is a little different question, and I do not want to take it up at this particular time. But I see what the gentleman is aiming at, and I think there is something to what he says. I personally think the best way to help the entire country and give everybody a fair and equal chance is to pass all laws to help the general welfare of all the people without dispensing through laws and administration of laws special help, special privileges, and special opportunities to a few. Big business does not need the Government's help. Equality of opportunity is all big or little business is entitled to. We should not play favorites and help one group unduly at the expense of others. There are two ways that the Government has been denying to the Congress any opportunity to look over the Federal Reserve System of ours. One is that they do not come to the Congress for appropriations as other Government agencies do. Number two is the fact that they are not audited by the General Accounting Office. They are not audited at all. They have not been audited in 41 years except by their own auditors, who are selected by them and who report to them. Has an outside auditor ever seen any of their books and papers? No, they have not—not one time.

IS ALL THE GOLD AT FORT KNOX?

Do you remember the time when it appeared in the headlines that they were going to investigate to determine if all the gold was at Fort Knox? They kind of doubted that the Democratic administration had all the gold there, and they thought that maybe the Democrats had stolen some of it. So they had great big headlines that they were going to investigate to see if all the gold was at Fort Knox. So they investigated it. And if you read the newspapers closely—if you read every line in the newspaper and turn page after page after page—way in the back of the newspaper in the laundry ads and amongst the classified columns you would see a little half-inch space in fine print disclosing that they had counted the gold and that every bit of it was there. You see they did not say much about that after they made their investigation and found that the gold was there.

Now who owns the gold certificates? The Federal Reserve Banks have the gold certificates in charge. Those gold certificates have never been counted by outsiders or by the General Accounting Office. They have never been counted once. Why do they not count them? They do not count them because their crowd is in charge of them. Their crowd, the big bankers' crowd, is in charge of them and they are not going to count them. And they have no audit of them either made by the Government or disinterested auditors. I tell you this audit is important. We ought to have an audit of the Federal Reserve System.

THE GOVERNMENT OWNS THE 12 FEDERAL RESERVE BANKS

Who owns the 12 Federal Reserve banks? For the first time, and I have been studying this matter for a period

of over 20 years, the Chairman of the Board of Governors of the Federal Reserve System admitted, before the committee of which the gentleman from Michigan [Mr. HOFFMAN] is chairman, about 2 weeks ago that I was entirely correct in all the statements I had made about the ownership of the banks and that the banks are owned by the Government and always have been owned by the Government and are not owned in whole or in part by the private banks. This idea about stock is all baloney. It is all baloney. The bankers call it stock. The law refers to it as stock. It is not stock at all. The private banks do not actually own stock in the Federal Reserve System. The private banks do not actually own one penny of stock in the Federal Reserve banks in the sense that the terms "stock" and "stock ownership" are understood and used in our country. Now, let us see what they do own? They have an involuntary investment of 3 percent of their own capital stock in the local Federal Reserve bank. It goes up and down according to the capital stock in each bank. That is all they have. It is an involuntary investment—upon which they receive 6 percent annually, and incidentally, most of it is tax exempt. All of it on the \$139 million that was subscribed before 1942 is tax exempt. That is all they get—6 percent annually. They are not entitled to any more. They do not have any proprietorship or ownership of the banking system—not at all. They have no right to transfer that so-called stock. They cannot sell it, they cannot hypothecate it. It is just an involuntary investment. It is just like saying that because you have a deposit in a building and loan association that you are part owner of the building and loan association. Let me explain to you why it is not really ownership and why it cannot possibly be. Number one: The law says—and that is the way to determine ownership of any property, and you know it—under the law—upon liquidation and after debts are paid who gets the remainder? The stockholders and the owners of the enterprise get the remainder. All right then, let us see how the Federal Reserve banks are organized and what happens when liquidated. It is written into the law that when a Federal Reserve bank is liquidated, these private banks get their involuntary investment back. In other words, it is paid back to them. Any creditors are paid and then the balance goes to the Treasury of the United States, and under the law it becomes the property of the United States Government. The law further provides that any such payment made into the Treasury may be used to retire that much of the national debt. So you do not need any more evidence of ownership than that. That means the Government owns these banks. There are some few bankers who believe that they own them, but they are mistaken. They do not know what the score is.

Furthermore, how crazy it would be for the Congress to set up a board of 7 members to operate the Federal Reserve System in the public interest, appointed

by the President and confirmed by the United States Senate, and then have those 7 members get their pay from the private banks to perform their duties. That is what they would do if the banks owned the capital stock in those banks, because the Board of Governors do not make any money or they do not have a right to take those Federal Reserve notes and trade them for Government bonds like the Federal Reserve banks. So they get their money from each of the Federal Reserve banks; just call on each one for an assessment when needed. If these private banks owned those 12 Federal Reserve banks, we would be in the idiotic position of having public officers performing our service, paid by the people who were affected by that service. You would not want that to happen any more than you would want the members of the Interstate Commerce Commission to be paid by the railroad owners. That would be a comparable situation. So there is no doubt about the Government owning the 12 Federal Reserve banks. It always has owned them. No one will deny what I am saying about this. It is undisputed.

There are seven members of that Board of Governors when the Board is filled. Remember what I am saying. Any Member who is interested who wants to contradict me, I will yield. There are only four full-fledged members of the Board of Governors today.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman the 2 remaining minutes.

Mr. PATMAN. Mr. Chairman, there are only 4 full-fledged members of the Board of Governors of 7 members to perform a public service. Who is helping them perform that public service? Twelve bankers, the advisory committee of the bankers representing the banks in each of the 12 Federal Reserve districts, and then 12 more who are presidents of the 12 Federal Reserve banks selected by the private bankers. These 24 under obligation to the private bankers are there. So this little Board of 4 members is surrounded by 24 bankers, and some of them can actually vote on policy-making decisions as to how the monetary system should operate. I know that if Congress understood all that, they would not tolerate it a minute. Members have not had time to give this complicated question adequate consideration. It has not been properly presented to Congress by committees. There has been no investigation of the Federal Reserve System and no hearings held. I think there should be a hearing. There should be an investigation. Those fellows are making a crap game out of our Government bond market. Remember, I charge that. I say it now and I will say it again. They are engaged in a crap game with the Government bond market, using United States public funds to do it. Many people are cleaning up by the millions every day. It has been going on for months. It has been going on for 18 months. We should not allow it any more than we should allow the Congress to fail to audit

the Federal Reserve System. You will not find just \$750,000 waste. It will run into billions of dollars of waste. So I think we should have a complete audit of the Federal Reserve System.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the third paragraph of section 16 of the Federal Reserve Act, as amended, is amended by striking out the sentences thereof which read as follows: "Whenever Federal Reserve notes issued through one Federal Reserve bank shall be received by another Federal Reserve bank, they shall be promptly returned for credit or redemption to the Federal Reserve bank through which they were originally issued or, upon direction of such Federal Reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal Reserve bank shall pay out notes issued through another under penalty of a tax of 10 percent upon the face value of notes so paid out."

Mr. MULTER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MULTER: Insert on page 2, line 4, the following: "and in lieu of the two sentences aforementioned insert in the third paragraph of section 16 of the Federal Reserve Act, as amended, the following sentence: 'Whenever the reserves required to be maintained by a Federal Reserve bank fall below the amount required as reserves against the Federal Reserve notes issued by that Federal Reserve bank such Federal Reserve bank shall immediately restore the reserves to the amount required and in the event the reserves are not so restored the Board of Governors of the Federal Reserve System shall direct the delivery to the Treasurer of the United States for retirement, sufficient of the Federal Reserve notes outstanding and issued by such Federal Reserve bank so as to reduce the aggregate amount thereof to the amount permitted to be issued by such Federal Reserve bank.'"

And amend the title by inserting after the word "bank" the words "and for other purposes."

Mr. MULTER. Mr. Chairman, the amendment as offered will accomplish the purpose sought by the Federal Reserve Board and save them whatever sum can be saved in connection with transporting Federal Reserve notes back and forth between the 12 regional banks; but at the same time it keeps in the law the basic concept of elasticity of the currency. It will leave a provision in the law, if the amendment is adopted, so that if the time comes when you must contract the currency there will be authority in the law to do so.

We are inclined to overlook, as I said during general debate, the fact that because the System today is operating automatically, and the Federal Reserve System says it is operating automatically, that it does so only because of the law. We should not change the law that makes it possible to operate automatically, and you do change that basic law if you adopt the bill as offered without this amendment.

The bill was introduced, I believe, on May 13 and hearings were held on May 26 and 27. On June 7 the Economists'

National Committee on Monetary Policy consisting of 52 monetary economists issued a release. All of their names are signed to the release that I have before me and which I will place in the Record—all of them are respected and respectable economists, all well-known. None of them have an ax to grind. None of them oppose economy in Government. All of them are interested in seeing that our Federal Reserve Act be effective so that the System can continue to operate efficiently as it has for 40 years. They say:

The bill is designed to remove and correct a needed means of forcing the proper retirement of these notes while all arrangements for their expansion are left intact. This proposed legislation in the form as reported by the committee—

And not referring to my amendment, this proposed legislation without my amendment—

would weaken rather than enhance the soundness of our monetary system.

I cannot understand why anybody should oppose this amendment. It gives the System the right to save the money that is uselessly expended now in transporting the Federal Reserve notes back and forth between the banks, and yet leaves intact the provision that if the time comes when the System must contract its currency the authority is there.

I urge the adoption of my amendment.

The release, I referred to a moment ago, and the names and affiliations of its sponsors are as follows:

FIFTY-TWO MONETARY ECONOMISTS URGE CONGRESS NOT TO PASS BILL S. 3268 WHICH PROPOSES TO REMOVE THE 10-PERCENT TAX DESIGNED TO PREVENT FEDERAL RESERVE BANKS FROM PAYING OUT FEDERAL RESERVE NOTES ISSUED BY OTHER FEDERAL RESERVE BANKS

ECONOMISTS' NATIONAL COMMITTEE ON MONETARY POLICY,
New York, N. Y.

We, the undersigned, members of the Economists' National Committee on Monetary Policy, urge Congress not to pass the bill, S. 3268, which proposes to remove the 10-percent tax provision of the Federal Reserve Act (sec. 16) designed to prevent any Federal Reserve bank from paying out Federal Reserve notes issued by other Federal Reserve banks.

That provision of the law is proper in principle. Its purpose is to provide one of the desirable features of a money originally designed to be responsive to the needs of business. It tends to force Federal Reserve notes home to the issuing bank after they have been paid into Federal Reserve banks.

Repeal of that needed provision of law would remove this proper provision for the return of these notes to the issuing banks.

It would convert what is in nature uncollected items into cash which each Reserve bank could then pay out as money.

To the degree that this were done, each Federal Reserve bank would be able to expand the volume of Federal Reserve notes in circulation without being called upon to supply the reserve and collateral now required if it issues Federal Reserve notes.

Proper pressure of reserve requirements against the issuance of Federal Reserve notes would be removed to the extent Federal Reserve banks pay out notes issued by other Reserve banks.

The bill is designed to remove a correct and needed means of forcing the proper retirement of these notes while all the arrangements for their expansion are left in-

tact. This proposed legislation would weaken, rather than enhance, the soundness of our monetary system.

John F. Adams, Temple University; Charles C. Arbuthnot, Western Reserve University; John W. Beck, American Editorial Syndicate; James Washington Bell, Northwestern University; Douglas H. Bellemore, Boston University; H. H. Beneke, Miami University, Oxford, Ohio; Claude L. Benner, Continental American Life Insurance Co., Wilmington, Del.; Ernest L. Bogart, New York City; Frederick A. Bradford, Lehigh University; Wilbur P. Calhoun, University of Cincinnati; Cecil C. Carpenter, University of Kentucky; Raymond de Roover, Wells College; James C. Dolley, the University of Texas; William F. Edwards, Brigham Young University; D. W. Ellsworth, E. W. Axe & Co., Inc., Tarrytown, N. Y.; Fred R. Fairchild, Yale University; Charles C. Fichtner, Buffalo, N. Y.; Major B. Foster, Alexander Hamilton Institute and New York University; A. Anton Friedrich, New York University; Roy L. Garis, University of Southern California; Alfred P. Haake, Economic Consultant, Largo, Fla.; E. C. Harwood, American Institute for Economic Research; Hudson B. Hastings, Yale University; George H. Hobart, High Point College; John Thom Holdsworth, the University of Miami; Harold Hughes, Economic Consultant, Fort Worth, Tex.; Frederic A. Jackson, Morgan State College; Donald L. Kemmerer, University of Illinois; Arthur Kemp, Claremont Men's College; J. L. Leonard, Culver City, Calif.; Edmond E. Lincoln, Wilmington, Del.; A. Wilfred May, Executive Editor, the Commercial and Financial Chronicle, New York City; David H. McKinley, the Pennsylvania State College; Austin S. Murphy, Seton Hall University; Melchior Palyi, Chicago, Ill.; W. A. Paton, University of Michigan; Robert T. Patterson, New York University; Clyde W. Phelps, University of Southern California; Chester A. Phillips, the State University of Iowa; Helen C. Potter, Loyola University, Chicago, Ill.; Frederick G. Reuss, Goucher College; Leland Rex Robinson, 76 Beaver Street, New York City; Olin Glenn Saxon, Yale University; R. Harland Shaw, Conference of American Small Business Organizations, Chicago, Ill.; Murray W. Shields, University of Florida; Walter E. Spahr, New York University; William H. Steiner, Brooklyn College; James B. Trant, Louisiana State University; Rufus S. Tucker, Westfield, N. J.; John V. Van Sickle, Wabash College; Edward J. Webster, Deposit, N. Y.; Edward F. Willett, F. Eberstadt & Co., Inc., New York City.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

As I said in the opening, this was a unanimous report of the committee with one possible reservation. I think it becomes evident now that the reservation might have been made by the gentleman from New York [Mr. MULTER]. The bill before us has little or no relationship to the expansion and contraction of our currency. What the gentleman from New York seeks to do by his amendment is to transfer in these very vital and important respects the administration of the Federal Reserve Act to the Congress of the United States.

We found out how difficult, if not impossible, it was for the Congress of the

United States previous to enactment of the Federal Reserve Act to administer its constitutional prerogatives and obligations in respect to regulating the value of money. So we delegated to the Federal Reserve Board and Federal Reserve banks in some respects this constitutional obligation which is ours. We set the Federal Reserve System up as the agent of the Congress. We have to rely upon the Federal Reserve Board and we have thrown up around the Federal Reserve Board, the Federal Reserve banks and their boards, certain restrictions, we have created certain formulas and certain standards under which they shall have to operate until we change them.

What the gentleman from New York and the gentleman from Texas have indicated in their remarks is there are some changes necessary in the Federal Reserve Act. The only way that can be done, or should be done, is by amendments to the Federal Reserve Act. The Federal Reserve Act has been in existence now for 41 years. It has given us the elasticity it was anticipated it would give, it has given us the soundest currency in the world, it has given us sufficient currency with which to expand our production to the point where American productivity is almost illimitable. It has also created a situation where we do not have to have any more money outstanding than is essential to our economy.

I want to read some important matters which I think should be called to the attention of the Members because of the statement made by the gentleman from New York that there is no opportunity in the law, no provision in the law in respect to expansion and contraction of the currency.

The law now provides in part that:

Any Federal Reserve bank may retire any of its Federal Reserve notes by depositing them with the Federal Reserve agent or with the Treasurer of the United States, and such Federal Reserve bank shall thereupon be entitled to receive back the collateral deposited with the Federal Reserve agent for the security of such notes.

Very definitely we have provided the means for contraction of the currency.

Now, to find out what has been done in respect to this collateral, reference to the committee report indicates that as of April 30, 1954, the Federal Reserve notes outstanding totaled \$26½ billion; the collateral security for these notes aggregated \$28,100,000,000—you will notice that that is one and a half almost \$2 billion more in collateral than we had against notes outstanding, so we are not very bad off—of which approximately \$7 billion consisted of gold certificates, \$17 billion of United States Government securities, and \$100 million of eligible paper.

Now, the excerpts which the gentleman read from the original report of the Federal Reserve was at a time when the Federal Reserve was compelled to put up the difference between the 40 percent gold reserve at that time—it is 25 percent now—and the balance of it in commercial paper. Then the volume of our currency was regulated and determined largely by business needs and business demands as evidenced by the

amount of commercial paper in the banks.

Mr. Chairman, there are ample provisions in the law for the expansion and contraction of the currency. There are ample provisions in the law for the administration of the law as the Congress of the United States set up the law to be administered. We do not need this legislation. I do not think that anybody on the committee thinks that the gentleman from New York is on a sound premise. I do not know of anybody on the Committee on Banking and Currency, and I do not know as of now anyone in the Congress of the United States who is in agreement with him. I think he stands all alone, and his amendment should be overwhelmingly defeated.

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not think the gentleman from Michigan intended to convey the idea that I was against the bill. I know I am not against the bill; I am for the bill.

There are 1 or 2 things I could not bring up in the time I had to discuss it that bear on this particular amendment as well. I have a very high regard for my distinguished friend, the gentleman from New York [Mr. MULTER]. I have worked with him shoulder to shoulder on the Committee on Banking and Currency and on the Committee on Small Business of the House for years. I have always found him to be able and reliable in every way. He is well informed and always working in the interest of the people. But I am sorry I cannot see his viewpoint on this. I just do not see it. I do not say he is wrong; I just fail to see the point that he is making there and the necessity for it. I am not making this as an argument against his amendment; neither am I making this as an argument for it.

ALL FEDERAL RESERVE NOTES OBLIGATIONS OF UNITED STATES

Now, about the 12 Federal Reserve banks and the reason this should pass and we should save this \$750,000 a year, I hold in my hand a note, a typical note, printed down here at the Bureau of Engraving and Printing. It is the only place it can be printed. Each one of these notes is a Government obligation. Each one of these notes, whether it be \$5, \$10, \$20, or \$1,000, or whatever it is, is a United States Government security. It is noninterest bearing. Each one of these notes says on its face "Federal Reserve Note. The United States of America will pay to the bearer on demand" blank dollars, whatever it is. That is an obligation of the United States to pay every one of them. So, just because they happen to be issued by the Richmond bank or the New York bank or the Dallas, Tex., bank, why should they have to go right back to that bank every time they reach another Federal Reserve bank; that one bank cannot pay out the notes of another bank? It has never made sense. They are all Government obligations. Just because there is a little insignia on there indicating the particular bank that issued this note is no reason why the other banks should send it back there every time, any more than if the

mints coin a 10-cent piece in Philadelphia or in Denver or in San Francisco that it should be sent back to that particular mint. They have got a little letter on the coin, for instance, "D" for Denver, and the other mints the same. That does not mean that this coin should go back to Denver every time one of the other mints or the banks got hold of it.

Why, no; let them remain in circulation. We have the same principle here. It should never have been the law. The Government has been losing \$750,000 a year for I do not know how long—just pure waste, because we have not had the books audited.

DOLLAR WORTH 52 CENTS TODAY COMPARED WITH 53 CENTS IN JANUARY 1953

Talking about sound money, I think that the President should fill the vacancies on the Board of Governors and should do it right away. The law says that he "shall" do it. I have always been told that that is mandatory. Of course, you cannot compel the President to do anything, and I am not saying that we should compel the President or attempt to compel him to do anything in this case. I do not say that at all. But those vacancies should be filled and then they could do something in the direction of sound money. I do not say our money is unsound in relation to the prices of everything else. But we should, at least, make sure it has a reasonably stable value.

On January 20, 1953, the dollar was worth 53 cents, the way we value the dollar. Today it is not worth 53 cents, it is worth 52 cents. So the dollar has not gone up, it has gone down even after the hard money, high interest policy of 1953 which we are still suffering from.

PRESIDENT ASKED TO CONSIDER FILLING VACANCIES

I think it is urgent that the President do everything in his power to establish sound money in this country and the best way to start is not to have just 4 full-fledged members on a board of 7, who are obligated to perform in the public interest, but to have 7 full-fledged members on that Board of Governors. So I want to take this occasion to call that to the attention of the great President of the United States and ask him respectfully to consider filling those vacancies and doing it before this Congress adjourns, so they may be confirmed by the United States Senate.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER to H. R. 9143: Strike out all after the enacting clause and insert in lieu thereof the following: "That the third paragraph of section 16 of the Federal Reserve Act, as amended, is amended by striking out the third and fourth sentences and inserting in lieu thereof the following: 'Whenever Federal Reserve notes issued through one Federal Reserve bank shall be received by another Federal Reserve bank, they shall be promptly returned for credit or redemption to the Federal Reserve bank through which they were

originally issued or, upon direction of such Federal Reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired; and no Federal Reserve bank shall pay out notes issued through another under penalty of a tax of 10 percent upon the face value of notes so paid out; but the Board of Governors of the Federal Reserve System may by regulation suspend the operation of this sentence (effective in any case with respect to notes received or paid out by a Federal Reserve bank after the date of the regulation) at such times and for such periods as it may deem advisable."

Mr. MULTER. Mr. Chairman, I am sorry that my facility of language is insufficient to make the committee understand the problem at hand. I shall take the blame for that. I have had the pleasure many times during my very short stay of issuing warnings about legislation that was being enacted, and then coming back here and saying "I told you so." I had the pleasure of doing that once during this very session. Perhaps I will have the same opportunity in connection with this proposed legislation.

The amendment that has just been offered is the one that I discussed with Mr. Martin, who is Chairman of the Board of Governors of the Federal Reserve System; and which, he says, will accomplish the purpose of saving the \$750,000 a year without changing the basic law. If you insist on changing the basic law, of course, then reject this amendment.

The difference between your paper currency and your coins, and the reason you do not send coins back to a mint, is that the nickel or the dime or the quarter is worth that much in actual metal. That is the theory of issuing the coins.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I shall be glad to yield in just a moment, but I should like to finish this thought. I do appreciate greatly the compliments that my distinguished colleague from Texas [Mr. PATMAN] paid me a few moments ago. I appreciate greatly the compliment my distinguished colleague from Texas paid to me a moment ago. I know his statement was offered sincerely and in the utmost good faith. I have the very highest admiration for him. I am not critical of him when I point out this distinction.

Your Federal Reserve notes are not like your silver certificates. You take out a dollar from any of the currency you may have in your pocket and you will probably find that you have a silver certificate. If you have a dollar bill you have a silver certificate. If you have a \$5 bill or more, you probably have a Federal Reserve note, because Federal Reserve notes start at denominations of \$5. The silver certificate is certification that there is that much silver behind that dollar bill. A \$5 Federal Reserve note or one of any other denomination is a note which says, in effect, "We have that much reserve behind that note, and you can call upon your Government to pay it. The obligation must be met."

The original reason they required the notes to go back and forth between the 12 regional reserve banks was, as is still

the fact today, that each bank in the 12 regions that are members of the Federal Reserve System set up fixed reserves and deposit their reserves, against which they issue these notes. You do not have these reserves in any one central place, except for the fund that they are required to carry with the Treasury to redeem their notes. That is why I offered my amendment before, so that if they had to call back any of this currency they would be delivered to the Treasurer of the United States, who has this fund on hand against which he can make the redemption.

If you centralize your reserves then you do not need this, but if you do not centralize your reserves, if you are going to let the reserves remain at each of the 12 banks, and you take out of the law this provision of sending the notes back to the bank of issue, then you have no way of controlling your currency that is issued against the reserves. You have to do one or the other. Either you let the law stand as it is or you change it by taking out this provision, as you seek to do, and at the same time centralize your reserves in one place.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to my very good friend, the gentleman from Texas.

Mr. PATMAN. In the gentleman's criticism of my statement he said that the silver certificate he could take to the Treasury and get a dollar's worth of silver. There is one mistake about that. You could take it to the Treasury and get silver, all right, but you would get 90 cents worth of silver. This is based on \$1.29 silver. Therefore, there is the difference between 90 cents and \$1.29. The reason it does not have a dollar's worth of silver behind it is because of that. This certificate is legal tender for all debts public and private. For that reason, if we did not have any gold, if we did not have any silver, if we did not have any Fort Knox, this dollar would still be worth a dollar because of the large debt and the taxes we have to pay.

Mr. MULTER. The gentleman makes the popular mistake of referring to the value of the dollar. Whether you have a dollar bill or a dollar in coin or a dollar in gold, assuming you could have a dollar's worth of gold today, with all the gold locked up in Fort Knox, if you had that dollar in gold or in silver or in currency and went out and bought something you might only get 52 cents worth. But the dollar is still a dollar. The very thing we are trying to prevent is a depreciation of our reserves and of the actual value of that dollar.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment merely to say that all of the arguments used against the previous amendment may be used against this, and for like reasons. This does not do anything but give the Federal Reserve authority to postpone this. I do not know just what the reason for that is. The Federal Reserve initiated this legislation, so it is very apparent that if you give them the authority they are going to suspend it immediately and for all time, because they are the ones who asked for this legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GRAHAM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9143) to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank, pursuant to House resolution 578, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

AUTHORIZING CLERK OF THE HOUSE TO RECEIVE MESSAGES AND AUTHORIZING THE SPEAKER TO SIGN ENROLLED BILLS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills or joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

UNITED STATES SHOULD WITHDRAW DIPLOMATIC RECOGNITION OF U. S. S. R.

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. SHEEHAN] is recognized for 15 minutes.

Mr. SHEEHAN. Mr. Speaker, today I introduced House Resolution 599, which resolves that it is the sense of the House of Representatives of the United States, that the Government of the United States of America should withdraw forthwith its diplomatic recognition of the present Government of the Union of Soviet Socialist Republics.

I fully realize the important implications of such a momentous move, but am convinced, as stated by George Kennan, one of the foremost American experts on Russia, and our Ambassador to Moscow from May to October 1952, that—

The most important influence that the United States can bring to bear upon external developments in Russia will continue to be the influence of example; the influence of what it is, and not only what it is to others, but what it is to itself.

If we are to influence the people held in bondage behind the Iron Curtain and in Russia itself, and if we are to influence the freedom-loving people of the world outside of the Iron Curtain, the only really effective course is by the use of moral force. We should openly condemn the violations of the agreements prerequisite and incident to our recognition of that government in 1933, and condemn also the U. S. S. R.'s breaking of the spirit and letter of the United Nations agreements.

The only way we can effectively let the world know our feelings is by resorting to moral force so as to maintain our national honor.

Of what use are conferences which produce nothing but talk and provide communism with propaganda?

The worthlessness of the Russian Government's word was spelled out by President Truman after the Potsdam Conference in 1945, when he said:

We thought we had accomplished just about everything we had set out to do, but it was only a short while later that we learned that we had not accomplished anything. We learned the Russians simply made agreements and treaties which, if it suited their purpose they kept; if it did not, they had no compunction about breaking.

Mr. Truman made the foregoing statement after his first Presidential experience with Russian perfidy. Eight years later, after many more such experiences, he told reporters in Los Angeles on March 23, 1953, that "it was my experience the Russians broke every agreement they made."

Dean Acheson, former Secretary of State, attended a luncheon given at the White House by President Roosevelt for Mr. Maxim Litvinov, on November 8, 1933, on which day official private conversations were held involving the matter of relations between the United States and the Union of Soviet Socialist Republics. Mr. Averell Harriman, our wartime Ambassador to the U. S. S. R., and who for long years was associated with Dean Acheson in the State Department, had the following to say of Russian agreements when he testified before the Select Committee To Investigate the Katyn Forest Massacre in 1952:

I do not think any agreements with the Soviet Union are of any value, unless they are based on a position of strength, so that they can be forced to carry them out.

To further illustrate what futile efforts are any of the agreements made with Russia, at the direction of the Republican 80th Congress the State Department submitted a long list of agreements and treaties on which the Russians had failed to keep their word.

Why should we continue to deal with a perfidious and faithless government? Why make agreements that can be carried out only by force of arms? No city or State government would sit down and negotiate with lawbreakers. No one would tolerate a peaceful coexistence with criminals. Only moral cowardice can put up with such conditions. We must let the world know we stand morally firm and cannot forever close our eyes to the existence of this treacherous government, dedicated to the destruction of freedom of religion and of all our

liberties. By a forthright show of moral force we can give confidence to the free world and also let the Russian people know that we condemn and denounce the government of their Communist masters.

Contingent upon our recognition of the Union of Soviet Socialist Republics in 1933, that Government promised to do certain things, as evidenced by their letter of November 16, 1933, as follows:

WASHINGTON, November 16, 1933.

MR. FRANKLIN D. ROOSEVELT,
President of the United States of America, the White House.

MY DEAR MR. PRESIDENT: I have the honor to inform you that coincident with the establishment of diplomatic relations between our two Governments it will be the fixed policy of the Government of the Union of Soviet Socialist Republics:

1. To respect scrupulously the indisputable right to the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its Territories or possessions.

2. To refrain, and to restrain all persons in Government service and all organizations of the Government or under its direct or indirect control, including organizations in receipt of any financial assistance from it, from any act overt or covert liable in any way whatsoever to injure the tranquillity, prosperity, order, or security of the whole or any part of the United States, its Territories or possessions, and, in particular, from any act tending to incite or encourage armed intervention, or any agitation or propaganda having as an aim, the violation of the territorial integrity of the United States, its Territories or possessions, or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories or possessions.

3. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which makes claim to be the government of, or makes attempt upon the territorial integrity of, the United States, its Territories or possessions; not to form, subsidize, support, or permit on its territory military organizations or groups having the aim of armed struggle against the United States, its Territories or possessions, and to prevent any recruiting on behalf of such organizations and groups.

4. Not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, or of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its Territories or possessions.

I am, my dear Mr. President,

Very sincerely yours,

MAXIM LITVINOFF,

People's Commissar for Foreign Affairs,
Union of Soviet Socialist Republics.

The vast documented records of atomic espionage, of Communists in our own Government, of the Russian and satellite embassies' efforts in spying and propaganda, prove conclusively that their promises in exchange for our recognition are a mockery. The Communist conspiracy in the United States is recognized as being directed by and responsible to the U. S. S. R., as pointed out by the Honorable J. Edgar Hoover

in his testimony of December 9, 1953, before a House Appropriations Subcommittee, when he said the Communist Party in the United States has continued and is "still under the domination and control of the Soviet Union." Every paragraph of the November 16, 1933, agreement has been willfully and maliciously violated. Documentation would be redundant. Who needs proof that—

Under paragraph 1, the U. S. S. R. did not "refrain from interfering in any manner in the internal affairs of the United States."

Under paragraph 2, the U. S. S. R. did not keep its promise to "refrain, and to restrain all persons from any act overt or covert, liable in any way whatsoever to injure the tranquillity, prosperity, order or security of the whole or any part of the United States."

Under paragraph 3, the U. S. S. R. did not keep its pledge "not to form, subsidize, support, or permit on its territory military organizations or groups having the aim of armed struggle against the United States."

Under paragraph 4, the U. S. S. R. did not keep its pledge "not to permit the formation of any organization or group which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States."

It certainly is not necessary to keep up the pretense and sham that the U. S. S. R. is a peace loving and honorable government. A recent incident which refutes any Russian claim to national honor and integrity was the position of the Russian spokesman, Mr. Molotov, at the Conference of Foreign Ministers in Germany, early this year. The two major items on the agenda of that conference were to conclude a peace treaty with Austria and effect the unification of Germany. Yet the Russians barred even the slightest progress toward either of these objectives by their steadfast refusal to agree to any reasonable withdrawal of their occupation troops.

Last week, the 16 United Nations allies in Korea broke off their fruitless peace talks in Geneva, after making every effort to effect a settlement, with the statement that "the Communist delegations have rejected all our efforts."

The diplomatic blunder in trying to settle with the Communists in southeast Asia has up to the present day proven the futility of trying to reach any agreement with the Russian Government and its allies. After 8 weeks of diplomatic negotiations, the situation in Indochina has turned completely hopeless.

It is therefore time for the United States to call a spade a spade, and show the world by our moral courage and this long overdue denouncement that we are on the side of right by passing House Resolution 599, which reads as follows:

Resolved, That—

Whereas the present Government of the Union of Soviet Socialist Republics has failed to live up to its expressed agreements on which the United States based its diplo-

matic recognition of the U. S. S. R. in 1933; and

Whereas the present Government of the Union of Soviet Socialist Republics has a long record of failure to keep agreements made with the United States of America and many other nations: Now, therefore be it

Resolved, That it is the sense of the House of Representatives of the United States that the Government of the United States of America should withdraw forthwith its diplomatic recognition of the present Government of the Union of Soviet Socialist Republics.

Mr. NEAL. Mr. Speaker, will the gentleman yield?

Mr. SHEEHAN. I yield to the gentleman from West Virginia.

Mr. NEAL. I quite agree with the substance of the things the gentleman has said. I am wondering if we were to break relations with Russia what would be the status of the Russian Government insofar as its membership in the United Nations is concerned?

Mr. SHEEHAN. I could not answer that, because that would have to be answered by the executive department. I assume they would still continue to be a member of the United Nations, because whether we recognize them or not does not have anything to do with the family of nations.

Mr. NEAL. Well, the chief objective we have today in our dealing with Russia is the propaganda that is being used throughout the whole country and the opportunity that United Nations gives Russia to come in contact with the American people and propagandize their work. Would it obviate that right? Would Russia still have the opportunity for propagandizing her nation and her nationals if she is still a member of the United Nations and the center of the U. N. is in New York?

Mr. SHEEHAN. She would, I may say to the gentleman from West Virginia; as a member of the United Nations she would still continue to use her membership in the United Nations for that purpose. Our people do not pay too much attention to her membership in the United Nations, but if we were to take away diplomatic recognition they would realize that we did not recognize her as a good government. As long as we continue diplomatic relations with her the people have the feeling that, therefore, it must be a good government. Not only that, but also as long as we continue to recognize Russia we permit her satellites such as Poland, Czechoslovakia, and other nations to maintain their legations and they use them for the purpose of putting out propaganda.

If we withdrew this recognition they would not have any place in this country except the United Nations from which to issue their propaganda.

Mr. NEAL. I thank the gentleman.

THE UNITED STATES RICE INDUSTRY, WITH SPECIAL REFERENCE TO TRADE PROBLEMS WITH CUBA

The SPEAKER pro tempore (Mr. GRAHAM). Under the previous order of the House, the gentleman from Louisiana is recognized for 15 minutes.

Mr. THOMPSON of Louisiana. Mr. Speaker, I want to speak today about

the problems that we in Louisiana and especially in my district have in the production and disposal of rice through the markets.

We in this body have heard much in recent weeks about the dairy problem, the butter problem, the wheat problem, and several other agricultural problems. We have voted to extend the Reciprocal Trade Agreements Act for 1 year. We recently voted the Agricultural Trade Development and Assistance Act of 1954 authorizing the President to dispose of some \$1,300,000,000 of surplus agricultural products in the next 3 years, as relief and foreign currencies.

Compared to such vast funds, compared to such enormous headaches as wheat and butter, rice may appear to some to be a small matter, of less than major importance. Nevertheless, I want to call the attention of this august body to the fact that rice is of major importance in several parts of our country including of course, my own seventh district of Louisiana. And it is my purpose to protect the interests of our rice farmers. Moreover in some very recent periods rice has been nothing less than a strategic agricultural material, vitally necessary to the feeding of sizable rice-eating populations, for which we more or less inadvertently found ourselves responsible. The degree to which such strategic requirements may continue to dominate the situation, or may again be the case, depends of course upon the trend of international events, where those events take place and especially on our degree of involvement therein. The unpredictable events of nature can also be a potent factor. We have no way of knowing how soon we may be called upon, as the residual supplier of vital rice, to meet needs not now expected in Korea, Japan, the Philippines, even in India, among other areas.

All of that is to indicate that there are major and very important reasons for maintaining our domestic rice-producing industry on a strong and healthy basis, able to meet unexpected demands in its stride. To continue in that condition of health it must continue to serve a major export market. That export market historically has been Cuba. Most of the people of the United States use rice infrequently, averaging about 2 pounds per person per year. It is true that in some areas of the United States particularly the rice-producing areas and more generally the South, consumption of rice per capita may go as high as 40 pounds per person per year. We have not been eating our total rice production and it is not at all likely that we will consume domestically more than about half the rice we produce. We should consume more and we will as people learn of its nutritional value but we need the export market and the foreign market needs our production. We did expand our production during and after the war. Our production is, due to our large fields and a high degree of mechanization, some of the most economical production in the world.

What I am saying is that we are doing a good efficient job of producing rice of types which are much liked in our major

export market. Cuba needs the United States as a dependable source of supply. Cuba prior to the war obtained about twice as much rice from Siam—Thailand—as from the United States and imported large quantities from Burma and French Indochina as well. In more recent years Ecuador has been a significant source. Overall they—Cuba—are importing 3 or 4 times as much rice as before the war—due in part to larger population and improved purchasing power of that population. But we have to recognize, and Cubans need to recognize, that most or all of those old sources are not now available. Of particular significance is the fact that such supplies are cut off in times of trouble, and even in more normal times are not likely to have much rice to feed people in the Western Hemisphere. We are the source which can be counted on come war, disaster, or whatnot.

What then is the problem? It is a matter of rice-trade difficulties between the United States and Cuba. The developing difficulties, not yet beyond the stage where remedial measures may be applied, hinge upon the following:

Cuba has gone all out to produce rice domestically, apparently without any particular regard to economic feasibility. That this effort at autarchy is producing more rice is evidenced by the fact that the 1953 acreage of the crop in Cuba represented, percentage-wise, the greatest expansion as compared with the previous year, of any country in the world—34 percent more than in 1952. Yields also were favorable:

Year	Harvested acreage	Production rough rice (hundred-weights)
1935-36 to 1939-40.....	45,000	431,000
1950-51.....	135,000	1,790,000
1951-52.....	145,000	2,570,000
1952-53.....	156,000	2,770,000
1953-54.....	209,000	3,700,000

Apparently it does not matter to the Cuban Government that the types of rice produced there are not particularly desired or relished by Cubans. It is this trend of rapid expansion regardless of all else which worries us as exporters.

Second, and perhaps of more innate significance, is the way it has been done, by manipulation of import quotas, by assessment of charges against United States rice and by various subsidies to Cuban growers. The present situation raises a serious question of reciprocity, of whether there has been full faith and credit observed. Our Sugar Act, as you well know, provides Cuba with a very large and lucrative market. They provide nearly all of our imports at rates more favorable than they could otherwise obtain on the depressed world market. We limit, some would say we severely limit, our own production of sugar from cane and beets.

But when we turn to rice there is inadequate reciprocity and foot dragging by our neighbor on the southeast. The fifth report by the United States Tariff Commission on the operation of the Trade Agreements Program indicates that the normal course of trade between

the United States and Cuba continued to be disturbed by controversial issues:

During the period covered by this report (1951-52), no satisfactory settlement was reached on the 3-year-old issue over Cuba's procedures in administering its quota on imports of rice. The negotiations between Cuba and the United States concerning Cuba's Geneva commitments on the tariff and quota treatment of imports of the United States rice, which were begun at Torquay and continued at Habana, were not completed within the time limit first authorized by the contracting parties (July 1, 1951). This situation, together with a request for a further extension of the time limit for concluding the negotiations, was reported to the contracting parties at their sixth session by the delegations of Cuba and the United States. The contracting parties authorized Cuba to continue the negotiation on rice with the United States, with the understanding that the two countries would endeavor to reach an agreement on the matter before the opening of the seventh session of the contracting parties. However, during the period here considered, Cuba and the United States did not resume formal discussions of the rice problem.¹

It is not my purpose here today to ascertain or discuss the degree to which any particular country may have been at fault for the long delay. Rather I wish to point out that the arrangement as it now stands is stacked against the United States rice industry, even after and in spite of the fact that we have leaned over backwards to accommodate the Cuban sugar industry by guaranteeing her an outlet equal to 96 percent of our imports. Though Cuba uses about 750 million pounds of milled rice, and has been importing more than two-thirds of that amount, Cuba's basic tariff quota to the United States is only 3,250,000 quintals—of 101.4 pounds each—or about three-fifths of their total import requirements. To this basic quota is added any supplementary quantity which the Government of Cuba determines is needed to supply Cuba's total rice requirements. It is true that in most recent years most or all of the supplemental amounts were acquired from the United States. But with a basic quota so far below requirements, the Government of Cuba has much latitude under the GATT—General Agreement on Trade and Tariffs—to encourage domestic production of rice by limiting supplemental quotas to bare essentials. Moreover, with the supplemental amount subject to whim, there is no guaranty that our rice will be used nor in what amount. Beyond that, it has involved a restrictive and rather annoying system of individual import licensing in Cuba with quotas assigned which in total cover only the preferential tariff quota.

Second, even though quota rice from the United States is admitted at 84 cents per hundredweight as compared with \$1.68 per hundredweight for other rice, numerous charges are added which in total allows the inefficient Cuban producer to hide behind a protection of about 3½ cents per pound, or an advantage roughly of one-fourth the cost of

the better import grades of rice sold in Cuba.

Following are the actual charges against United States rice based on a typical shipment priced at \$12.25 per pocket. When you add to the costs below transportation costs of 93 cents per hundredweight from New Orleans, or about \$1.40 per hundredweight from the Arkansas rice area, you see that the total protection given the Cuban rice industry reaches an imposing figure.

	Per 100 pounds
Preferential duty—1.85 per 100 kilograms ¹	\$0.845
Other charges:	
2 percent consular fees on f. o. b. port of embarkation price.....	.225
One-tenth of 1 percent exchange.....	.012
2 percent public works tax on exportation of money, on c. i. f. price.....	.245
Bank charge for opening letter of credit—five-eighths of 1 percent.....	.076
Revenue stamps on draft.....	.006
Port improvement charge.....	.040
Civil retirement fund.....	.020
6 percent sales tax collected at customhouse, on c. i. f. price plus consular fees and duty (not charged on Cuban rice).....	.788
Customhouse brokerage fee.....	.015
Cartage from docks to warehouse.....	.092

Total charges other than duty..... 1.519
Total charges, including preferential duty..... 2.364

¹Applicable to preferential tariff quotas only. Any quantity in excess of tariff quota must pay full duty. Therefore, if any rice from the United States were allowed entry into Cuba, such rice would be assessed an additional \$1.85 per kilogram making total protection for Cuban rice industry \$2.364 plus \$0.845, or a total of \$3.207 per 120 pounds, in addition to protection provided by costs of transportation.

We need not here today consider other and local efforts which have been made in Cuba to induce an increase in production.

I do want to say again that our rice industry is absolutely vital not only to the producing areas but to our position in international affairs and to Cuba herself. We must proceed to mend the situation, one way or another. My suggestions and recommendations are that we proceed first of all to obtain, by negotiation, if that be possible, a revision upward in the Cuban basic tariff quota on rice from the present 3,250,000 quintals to 5,250,000 quintals, a much more realistic measure of Cuba's import requirements and still somewhat less than the amounts they have taken from us during recent years. We should also attempt by negotiation to get Cuba to remove prohibitions against the importation of rice at the full tariff duty. And finally if there is not prompt progress as regards the above suggested adjustments, which I maintain are due us in reciprocity, I will recommend that we take a new and hard look at our handling of our sugar program, with particular reference to a possible decision to reduce imports from Cuba and expand our own domestic production. Full faith and credit plus reciprocity is the life of trade.

SOME QUESTIONS WHICH MAY BE ASKED

First. How uneconomic is Cuba's rice production? Frankly, there is not too

much information on this but such information as is available indicates that one-half or more of their crop is grown on small plots by sugar plantation laborers and is hand pounded on the farms where it is produced. This is a sort of subsistence food production and is economic only if there is not better employment for the time used. Moreover, though the type mostly produced is a long-grain variety rather well adapted to Cuban conditions, the quality is not considered to be as good as Reora or Blue-bonnet types and commonly sells for 2 or 3 cents per pound less than the better imported types.

Second. Are high support prices on United States rice responsible for the United States-Cuban problem? Apparently not in any major degree, though with the world rice supply situation now somewhat eased and with our rice much dependent on an export market, we may need to consider some of the present proposals for separate prices on the amounts which go to the domestic and world market—something somewhat similar to the two-price proposal for wheat.

Third. Have we encouraged Cuba to produce more rice? It appears that we have done so, directly and indirectly. During the war and afterward, with rice and other foods scarce in international markets we encouraged other countries, particularly countries as dependent on one crop as Cuba is on sugar, to diversify, to produce more of their own requirements. That is the substance of much of what we are doing under point 4 in various underdeveloped countries.

Fourth. Does Cuba protect her rice industry more than we protect ours? Apparently so, for the United States domestic market has been rather effectively protected by a 2½-cents-per-pound tariff duty on milled rice.

WHY IS OUR NATIONAL SECURITY BEING ENDANGERED BY PERSONNEL REDUCTIONS OF UNITED STATES CUSTOMS OFFICERS AT OUR BORDERS AND SEAPORTS?

The SPEAKER pro tempore (Mr. GRAHAM). Under previous order of the House, the gentleman from Massachusetts [Mr. McCORMACK] is recognized for 5 minutes.

Mr. McCORMACK. Mr. Speaker, in these days of international strife, as our country is threatened by atomic attack, we are in the process of spending millions in defense of attack from the air, but are drastically reducing our first line of defense against the smuggling of fissionable materials, namely, the United States customs.

It seems incredible that the personnel on our borders and at our seaports should be reduced at so critical a period. Who is responsible for this situation? Are these directives to customs from high authority so much propaganda for public consumption? It certainly appears that way as customs has neither manpower nor appropriations to carry on their regular work effectively, much less take on additional duties. As a mat-

¹U. S. Tariff Commission, Operation of the Trade Agreements Program, Fifth Report, July 1951-June 1952, pp. 269-270. Washington, 1953.

ter of fact, they are relaxing controls at an alarming rate.

They have taken away customs supervision of ships carrying nondutiable foreign cargo. This allows complete freedom to unlade unmanifested cargo without the knowledge of Government officials.

They have lessened the examination of baggage and are using a spot-check system which definitely increases the odds for a smuggler and decreases protection to the public.

They are reducing the percentage of mail packages examined to an insignificant figure. Approximately 95 percent are being passed without examination.

Customs port patrol force has been cut in half within the last few years and the border patrol was abolished a few years ago. Inspectors are being transferred from big city ports to vacancies in other places rather than fill these vacancies locally. Although this is supposed to be done in the interests of economy, it could be of great aid to the Communists. To me this is fake economy at the expense of the national interest of our country.

Is not the American public deserving of better protection than this? For the small amount of money involved, I say, increase this customs force. Bring back the border patrol. Give the customs officers an education in atomic weapons. Give them Geiger counters and get them out there checking all ships, all cargo, all baggage, all passengers and crew. Stop the possibility of attack from within. Stop the Red China narcotic traffic. Stop the infiltration of subversives as stowaways. Stop the flow of foreign Red propaganda through the mails. Protect our livestock and agriculture from costly disease from foreign countries. Stop this dangerous trend that has already progressed much too far of substituting paper controls for physical and calculated risk theories for efficient 100 percent checks. Even 1 percent not checked could be it.

VETERANS' LEGISLATION

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New Jersey [Mr. CANFIELD], is recognized for 5 minutes.

Mr. CANFIELD. Mr. Speaker, I have received a letter from Raymond C. Clyons, commander of the American Legion, department of New Jersey, expressing the hope the House will soon be able to work its will on H. R. 9020 which provides for increases in disability compensation and pension and death-benefit payments for our veterans and their dependents.

Our distinguished colleague, the gentleman from New Jersey [Mr. FRELINGHUYSEN], who serves on the House Committee on Veterans' Affairs, tells me that H. R. 9020 was favorably reported out of committee by a unanimous vote. I do not believe that the House Rules Committee, reportedly ready to clear for House action a foreign-aid bill, will bottle up this American veterans' legislation the need for which is documented in the legislative committee hearings.

Commander Clyons presents the American Legion appeal as follows:

THE AMERICAN LEGION,
DEPARTMENT OF NEW JERSEY,
Trenton, N. J., June 23, 1954.

MY DEAR CONGRESSMAN CANFIELD: We of the American Legion in New Jersey are deeply disturbed that H. R. 9020, the House bill which would grant modest cost of living increases in disability compensation and pension and death benefit payments for veterans and their widows, orphans and dependents, and also correct inequities in compensation to the service-connected disabled veterans with less than 50 percent disability, still reposes in the Rules Committee, thereby making it impossible for the representatives of the people to express their feelings toward it.

According to information received from our national legislative commission in Washington, National Commander Arthur J. Connell recently called on the chairman and members of the Rules Committee for favorable action on the bill. We are told that the response to this request has not been encouraging. Six members of the committee, including the chairman, had not responded as of June 18. Four members said they favored a rule on the bill, while two appeared friendly, but were noncommittal as to reporting the bill out for subsequent action.

This proposal (H. R. 9020) is very important to veterans receiving compensation or pension for their disabilities, and to the widows, orphans and dependents. This is particularly true with respect to the disabled among the diminishing group of aging World War I veterans and their dependents. The basic compensation rate for total disability would be \$190 per month rather than the present \$172.50. Less than total cases would be compensated on the basis of the percentage of disability. For example, a person with 10 percent disability would receive \$19 per month rather than the present \$15.75. A widow without children would receive death compensation at the rate of \$87 rather than \$75 per month. Basic disability pension rates would be raised from \$63 to \$68, and from \$75 to \$80.

We doubt that any intelligent person would question that these increases are badly needed, in view of the tremendous increase in the cost of living during the past several years. We honestly cannot understand why this bill is held up in committee, even though we are told that its adoption would cost approximately \$290 million annually. It is our opinion that you gentlemen of the House of Representatives should have the right to debate and pass judgment on such an important measure which would mean so much to those who have sacrificed so greatly and suffered for the good of our Nation.

In view of these circumstances and because of your continued interest in the affairs of veterans generally, we respectfully request that you do everything in your power to have H. R. 9020 released from committee, and urge your support of the bill with a view toward its ultimate passage at this session of Congress.

Please know that we deeply appreciate the cooperation and assistance you have given in the past to measures affecting the Nation's veterans.

Very sincerely yours,

RAYMOND G. CLYONS,
Department Commander.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. FROST (at the request of Mrs. KEE), for an indefinite period, on account of official business.

Mr. KEARNS (at the request of Mr. GAVIN), for 1 week, on account of official business.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. OAKMAN.

Mr. YORTY (at the request of Mr. PRIEST) in two instances.

Mr. MULTER, the remarks he expects to make in Committee of the Whole and to include extraneous matter.

Mr. JONAS of North Carolina and to include extraneous matter.

Mr. PATMAN to revise and extend his remarks made in Committee of the Whole and to include certain additional matter.

SENATE BILL AND CONCURRENT RESOLUTION REFERRED

A bill and concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2862. An act to provide relief for the sheep-raising industry by making special nonquota immigrant visas available to certain skilled alien shepherders; to the Committee on the Judiciary.

S. Con. Res. 80. Concurrent resolution to print additional copies of Senate Document No. 87, Review of the United Nations Charter—a Collection of Documents; to the Committee on House Administration.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. Lecompte, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 685. An act for the relief of Walter Carl Sander;

H. R. 724. An act for the relief of Chester H. Tuck, Mary Elizabeth Fisher, James Thomas Harper, and Mrs. T. W. Bennett;

H. R. 848. An act for the relief of Nicholas Katem, Theodosia Katem, Basil Katem, and Josephine Katem;

H. R. 1364. An act for the relief of Richard A. Kurth;

H. R. 2421. An act for the relief of Frank L. McCarthy;

H. R. 2678. An act for the relief of Carl A. Annis, Wayne C. Cranney, and Leslie O. Yarwood;

H. R. 3413. An act to grant oil and gas in lands and to authorize the Secretary of the Interior to issue patents in fee on the Fort Peck Indian Reservation, Mont., to individual Indians in certain cases;

H. R. 3623. An act for the relief of Willard Chester Cauley;

H. R. 4030. An act to repeal section 4 of the act of March 2, 1954, creating the Model Housing Board of Puerto Rico;

H. R. 4919. An act for the relief of Ralph S. Pearman and others;

H. R. 5025. An act for the relief of Paul G. Kendall;

H. R. 6154. An act to authorize payment of salaries and expenses of officials of the Fort Peck Tribes;

H. R. 6196. An act for the relief of Duncan M. Chalmers, and certain other persons;

H. R. 6487. An act to approve the repayment contract negotiated with the Roza Irrigation District, Yakima project, Washington, and to authorize its execution, and for other purposes;

H. R. 8367. An act making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 8488. An act to restore eligibility of certain citizens or subjects of Germany or Japan to receive benefits under veterans' laws;

H. R. 8729. An act to amend section 14 (b) of the Federal Reserve Act, as amended;

H. R. 8779. An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 8790. An act to authorize certain veterans' benefits for persons disabled in connection with reporting for final acceptance, induction, or entry into the active military or naval service;

H. R. 9089. An act authorizing the Administrator of Veterans' Affairs to grant an easement to Syracuse University, Syracuse, N. Y.; and

H. J. Res. 458. Joint resolution to authorize and direct the Secretary of Agriculture to quitclaim retained rights in a certain tract of land to the Board of Education of Irwin County, Ga., and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2844. An act to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes.

ADJOURNMENT

Mr. CANFIELD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 14 minutes p. m.), under its previous order, the House adjourned until Monday, June 28, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1662. Under clause 2 of rule XXIV, a letter from the Secretary of Commerce, transmitting a draft of proposed legislation entitled "A bill to increase the efficiency of the Coast and Geodetic Survey, and for other purposes," was taken from the Speaker's table, and referred to the Committee on Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ARENDS: Committee on Armed Services. H. R. 2224. A bill to amend the Army-Navy Medical Services Corps Act of 1947 (61 Stat. 734), as amended, so as to authorize the appointment of a Chief of the Medical Service Corps of the Navy, and for other purposes; without amendment (Rept. No. 1919). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. House Joint Resolution 256. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the First International

Instrument Congress and Exposition, Philadelphia, Pa., to be admitted without payment of tariff, and for other purposes; without amendment (Rept. No. 1920). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. House Joint Resolution 537. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Fourth International Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes; without amendment (Rept. No. 1921). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. House Joint Resolution 545. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the International Trade-Sample Fair, Dallas, Tex., to be admitted without payment of tariff, and for other purposes; without amendment (Rept. No. 1922). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee of conference. H. R. 6342. A bill to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes (Rept. No. 1923). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ARENDS: Committee on Armed Services. S. 3476. An act to provide for the advancement of Comdr. Donald B. MacMillan, United States Naval Reserve (retired), to the grade of rear admiral on the Naval Reserve retired list; without amendment (Rept. No. 1918). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CHIPERFIELD: H. R. 9678. A bill to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BROOKS of Texas: H. R. 9679. A bill granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River; to the Committee on Interior and Insular Affairs.

By Mr. HOPE: H. R. 9680. A bill to provide for continued price support for agricultural products; to augment the marketing and disposal of such products; to provide for greater stability in the products of agriculture; and for other purposes; to the Committee on Agriculture.

By Mr. ALLEN of California (by request): H. R. 9681. A bill to amend sections 246, 247, and 412 of the Canal Zone Code, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. BEAMER: H. R. 9682. A bill to provide a method for protecting the domestic stem and table

glassware, machine and blown, and sheet-glass industry against injury caused by certain imported glass products; to the Committee on Ways and Means.

By Mr. FINO: H. R. 9683. A bill to amend the Internal Revenue Code to encourage the establishment of voluntary pension plans by individuals, to promote thrift, and to stimulate expansion of employment through investment; to the Committee on Ways and Means.

By Mr. GROSS: H. R. 9684. A bill to permit involuntarily separated postmasters, when post offices are discontinued, to acquire classified civil-service status through noncompetitive civil-service examinations, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. GWINN: H. R. 9685. A bill to amend the Internal Revenue Code to encourage the establishment of voluntary pension plans by individuals, to promote thrift, and to stimulate expansion of employment through investment; to the Committee on Ways and Means.

By Mr. HOLT: H. R. 9686. A bill to amend Public Law 815, 81st Congress, in order to extend for an additional year the program of assistance for school construction in federally affected areas; to the Committee on Education and Labor.

By Mr. HOLTZMAN: H. R. 9687. A bill to amend the Fair Labor Standards Act of 1938, as amended, and for other purposes; to the Committee on Education and Labor.

By Mr. RIEHLMAN: H. R. 9688. A bill to amend the Internal Revenue Code to encourage the establishment of voluntary pension plans by individuals, to promote thrift, and to stimulate expansion of employment through investment; to the Committee on Ways and Means.

By Mr. SHORT: H. R. 9689. A bill to provide for two additional Assistant Secretaries of the Army, Navy, and Air Force, respectively; to the Committee on Armed Services.

By Mr. VELDE: H. R. 9690. A bill to amend section 7 (d) of the Internal Security Act of 1950, as amended; to the Committee on Un-American Activities.

By Mr. RABAUT: H. Con. Res. 241. Concurrent resolution providing for printing as a House document the Pledge of Allegiance to the Flag; to the Committee on House Administration.

By Mr. SCOTT: H. Con. Res. 242. Concurrent resolution to participate in Fourth of July 1954, observance at Independence Hall, Philadelphia, Pa.; to the Committee on the Judiciary.

By Mr. RABAUT: H. Res. 598. Resolution to amend the rules of the House to provide that the Pledge of Allegiance to the Flag shall be recited annually by the Members of the House, led by the Speaker, on Flag Day, June 14, when the House is in session; to the Committee on Rules.

By Mr. SHEEHAN: H. Res. 599. Resolution proposing the withdrawal of diplomatic recognition of the present Government of the Union of Soviet Socialist Republics; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred, as follows:

By Mr. KING of Pennsylvania: H. R. 9691. A bill for the relief of Mrs. Anna Achner Schredl; to the Committee on the Judiciary.

By Mr. MORANO:

H. R. 9692. A bill for the relief of Mrs. Liselotte Steffan McDonnell; to the Committee on the Judiciary.

By Mr. PATTEN:

H. R. 9693. A bill to authorize the acceptance on behalf of the United States of the conveyance and release by the Aztec Land & Cattle Co., Ltd., of its right, title, and interest in lands within the Coconino and Sitgreaves National Forests, in the State of Arizona, and the payment to said company of the value of such lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RHODES of Arizona:

H. R. 9694. A bill to authorize the acceptance on behalf of the United States of the conveyance and release by the Aztec Land & Cattle Co., Ltd., of its right, title, and interest in lands within the Coconino and Sitgreaves National Forests, in the State of Arizona, and the payment to said company of the value of such lands, and for other purposes; to the Committee on Interior and Insular Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1047. By Mr. GOODWIN: Petition of Mrs. Isabelle W. Martin and 73 others of Malden, Mass., and neighboring towns favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1048. Also, petition of Henry W. Johnson and 59 others, residents of Malden, Mass., and neighboring towns, favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1049. Also, petition of Wayne L. Hill and 103 others of Malden, Mass., and neighboring towns, favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1050. Also, petition of Rev. Joseph Evers, Masselle LoPione, and 268 others of Malden, Mass., and neighboring towns, favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1051. By Mr. NORBLAD: Petition signed by Mrs. Mary E. Hayes and 27 other citizens of Silverton, Oreg., urging the enactment of H. R. 1227, to prohibit all liquor advertising through interstate commerce and over the radio and TV; to the Committee on Interstate and Foreign Commerce.

1052. Also, petition signed by Mrs. Bessie M. Miller and 16 other citizens of Corvallis, Oreg., urging the enactment of H. R. 1227, to prohibit all liquor advertising through interstate commerce and over the radio and TV; to the Committee on Interstate and Foreign Commerce.

1053. Also, petition signed by Alice S. Boone and 54 other citizens of McMinnville, Oreg., urging the enactment of H. R. 1227, to prohibit all liquor advertising through interstate commerce and over the radio and TV; to the Committee on Interstate and Foreign Commerce.

1054. By the SPEAKER: Petition of W. A. Thompson and others of Miami Springs, Fla., requesting passage of H. R. 2446 and H. R. 2447, proposed social-security legislation known as the Townsend plan; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

Intervene: How and With What?

EXTENSION OF REMARKS

OF

HON. SAMUEL W. YORTY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1954

Mr. YORTY. Mr. Speaker, the administration's cold war policy of talking tougher and carrying a smaller stick has now brought us face to face with a serious setback in southeast Asia. We have lost face in the Orient, lost the leadership of the free world at Geneva, and what is more, we are threatened with the loss of our unspeakably vital lead in weapons technology.

The defense of the United States is not a matter of partisan politics. But partisan politics is today obscuring and soft pedaling administration defense blunders. Our people need to know the facts. They are entitled to the facts—pleasant or unpleasant. And they are entitled to demand an end to the contradictory statements emanating from military and civilian leaders in the Defense Department.

It is very apparent that slogans and clever phrases have not and cannot deter the Communists although they do confuse our own people. Has the New Look or speeches about massive retaliation slowed the Communist drive to take over Indochina?

When the Indochina situation began rapidly to deteriorate, the administration hurriedly sent Secretary Dulles flying off to friendly capitals to get agreement on some kind of an intervention scheme. Just what the scheme was has not been frankly divulged. The British are now being condemned for its lack of fruition. This assumes the scheme was desirable and practicable. It may well be that it was not.

It is widely assumed that if Britain, and perhaps others, had agreed, we

would have intervened in Indochina. But how and with what? We had the backing of the United Nations in Korea. Yet, aside from the South Koreans, how much help did we get from others? Based upon our experience in Korea, what could we expect in Indochina? Moral support, but not much else, and this fact was and is crystal clear to the Communists.

Under the New Look policy, our ground strength is being reduced to 17 divisions. Six divisions are tied down in the Far East because of the Korean impasse. They could be moved from that area only at the gravest risk because of the reported Communist build-up and our treaty with South Korea, not to mention our responsibilities in Japan.

Five divisions are tied up in Europe and we have agreed to maintain strength there.

This leaves only six Army combat divisions available for all of our other far-flung commitments, including Indochina should the administration decide to intervene there. It is perfectly clear that we cannot forcefully intervene with ground troops in Indochina without greater mobilization, and this would require considerable time.

But this is not all. The recent testimony of Maj. Gen. R. W. Colglazier, Jr., Assistant Chief of Staff for Plans, indicates that the New Look cutbacks have created some material deficiencies that could prove disastrous in a sudden emergency.

If it is said that our intervention could be limited to airpower, a Pandora's box of problems is opened up—defensible airbases in the theater of war; enemy targets; and whether or not to confine our air attacks to targets in Indochina; our preparedness to risk great expansion of the conflict; these and more should give us, and our allies, reason to be circumspect.

Our allies and our enemies know these facts. They know the administration has bluffed and sloganized, yet weakened our military buildup, particularly

airpower, all the while talking tougher and increasing our global commitments. Many of our own people have been misled by the slogans and the conflicting statements, but not the Communists. They have been getting bolder and increasingly defiant. To try now to make the British the scapegoat for all of the administration's blunders may be good domestic politics, but it is not statesmanship, and it will only serve to lower our decreasing prestige still further. When we talk about intervention, we had better explain how and with what, instead of trying to blame administration failures and indecision on our allies.

Only this week the Secretary of Defense again contradicted military estimates of Russian strength in the matter of technological progress. Whom are we to believe? I am increasingly concerned over the illogical easygoing complacency of a Secretary of Defense who appears to lack any real appreciation of the critical nature of our current defense problems. For instance, new weapons systems cannot safely be shunted aside and postponed because they make costly old ones obsolete. This will work in the motorcar business, but not in national defense.

No one can deny there is confusion in the Pentagon and the State Department. It is time for the administration to decide on a policy and give us the facts.

The St. Lawrence Seaway

EXTENSION OF REMARKS

OF

HON. CHARLES G. OAKMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 24, 1954

Mr. OAKMAN. Mr. Speaker, under leave to extend my remarks in the Record, I include the following statement made by me before the House Committee